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Right of peoples to self-determination

Use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly, in accordance with Commission on Human Rights resolution 2005/2 of 7 April 2005, the report of the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination.

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Report of the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination

Summary

The present report provides an update on recent activities of mercenaries and private military and security companies. As the latest events in Côte d'Ivoire and the Libyan Arab Jamahiriya have shown, mercenaries allegedly continue to be recruited and to be active. The Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination is especially concerned about the reported involvement of these mercenaries in serious human rights violations. During the reporting period, the Working Group has seen some encouraging policy and legislative developments concerning private military and security companies in several countries. There has also been some progress in efforts to prosecute the employees of such companies for human rights violations. Nonetheless, the Working Group remains concerned about the lack of transparency and accountability of these companies, and the absence of an international regulatory framework through which to monitor their activities.

This report also presents an overview of the activities carried out by the Working Group during the period under review, including a summary of the discussions that were held during the expert seminar on the State monopoly on the legitimate use of force (6 and 7 July 2011). Finally, the report takes stock of the activities and achievements under the mandate over the past six years, in particular the development of a draft convention on private military and security companies which is currently being considered by member States.

Contents

		Page
I.	Introduction	4
II.	Update on recent activities of mercenaries and private military and security companies and the issue of accountability	5
	A. Mercenaries	5
	B. Private military and security companies	8
III.	Activities of the Working Group over the reporting period	11
	A. Country visits	11
	B. Communications	12
	C. Participation in the open-ended intergovernmental Working Group on the regulation of private military and security companies	13
IV.	Expert seminar on the State monopoly on the legitimate use of force	13
	A. The State monopoly on the legitimate use of force	14
	B. National regulation of private military and security companies	14
	C. The issue of adopting specific regulatory standards for different types of activities	15
	D. Implications for the Working Group's activities and possible further steps	15
V.	Achievements under the mandate	16
	A. Country visits	16
	B. Communications	16
	C. Regional consultations	17
	D. Elaborating a draft convention on private military and security companies	17
VI.	Conclusions and recommendations	18
	A. Mercenaries	18
	B. Private military and security companies	19
Annex		
	Speakers at the expert seminar on the State monopoly on the legitimate use of force (New York, 6 and 7 July 2011)	21

I. Introduction

1. Pursuant to its mandate, the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination has continued to monitor mercenaries and mercenary-related activities in all their forms and manifestations, and to study the effects on the enjoyment of human rights of the activities of private companies offering military assistance, consultancy and security services on the international market. In accordance with Human Rights Council resolution 15/12 and General Assembly resolution 65/203, the Working Group submits the present report to the Assembly. The report covers the period following the presentation of the last report, issued on 25 August 2010.

2. The events during this period demonstrate that the issue of mercenaries remains vitally important. During the recent violence in the Libyan Arab Jamahiriya, mercenaries were reportedly used to attack civilian populations who were protesting on behalf of democratic rights. In Côte d'Ivoire, mercenaries were allegedly used by the Government to suppress the results of an election. In both countries, mercenary forces were reportedly involved in committing serious human rights violations.

3. Addressing the issue of private military and security companies also continues to be at the forefront of the efforts to protect human rights and to ensure that perpetrators of human rights violations are held accountable. During the period under review, some significant progress has been made towards the international regulation of private military and security companies, including consideration of regulatory options by the open-ended intergovernmental working group established by the Human Rights Council. There have also been some encouraging policy and legislative developments regarding private military and security companies at the national and regional levels and some progress in efforts to prosecute employees of such companies for human rights violations. Nonetheless, the Working Group on the use of mercenaries remains concerned about the lack of transparency and accountability of these companies and the absence of an international regulatory framework through which to monitor their activities.

4. This report examines these issues in more detail below. An introduction (sect. I) is followed by a discussion of recent activities of mercenaries and private military and security companies and reviews efforts to regulate private military and security companies at the international, regional and national levels (sect. II). Section III covers the Working Group's activities over the reporting period, while section IV provides a detailed discussion of the expert seminar on the State monopoly on the legitimate use of force. Section V reviews the achievements under the mandate since its establishment by the Commission on Human Rights in 2005. Since the mandate holders who were appointed at the inception of the Working Group in 2005 will have all left the Group by October 2011, this was thought to be an opportune time to provide the General Assembly with such an overview. The final section presents the conclusions and recommendations of the Working Group.

5. The following new members were appointed by the President of the Human Rights Council and assumed their functions on 1 August: Ms. Patricia Arias (Chile), Ms. Elżbieta Karska (Poland) and Mr. Anton Katz (South Africa). Besides welcoming the new members of the Working Group, the Council is also looking

forward to the appointment of a member from the Western group region, which it is expected will occur during the eighteenth session of the Council.

II. Update on recent activities of mercenaries and private military and security companies and the issue of accountability

A. Mercenaries

6. The recent increase in mercenary activities in Africa serves as a reminder that mercenaries are still active in that region and continue to pose serious threats to the enjoyment of human rights.

1. Use of mercenaries in Côte d'Ivoire

7. Presidential elections had been held in October and November 2010 in Côte d'Ivoire. After some uncertainty about the final result, Alassane Ouattara was declared the winner of those elections in early December 2010. However, the outgoing President, Laurent Gbagbo, refused to concede defeat until he was arrested on 11 April 2011. For several months, he allegedly recruited Liberian mercenaries to consolidate his power base and attack the supporters of the President Elect. There were some reports that pro-Ouattara supporters had also recruited Liberian mercenaries.[1] About 4,500 Liberian mercenaries were reportedly active in Côte d'Ivoire, mainly in the western part of the country, along the border with Liberia.[2]

8. Since the election, there have been numerous allegations that Liberian mercenaries were involved in serious human rights violations, including summary executions, enforced disappearances, rape, torture, cruel, inhuman or degrading treatment, arbitrary arrests and detentions, arson, pillaging and looting.[3] Some mercenaries were reportedly arrested upon their return to Liberia.[4] It is unclear, however, whether any mercenaries have been brought to justice in either Liberia or Côte d'Ivoire.

9. The Working Group has taken the following actions in response to the situation in Côte d'Ivoire. On 19 January 2011, it sent allegation letters to both Côte d'Ivoire and Liberia requesting further information on mercenary activities in Côte d'Ivoire, and on measures taken to prevent such activities and to hold those mercenaries involved in human rights violations accountable. To date, it has not received a response to its letters.[5]

10. On 28 January 2011, the Working Group requested a visit to Côte d'Ivoire. In this regard, the Human Rights Council acknowledged the standing invitation issued by President Ouattara to all special procedures mandate holders, including the

[1] See A/HRC/17/48, para. 31.

[2] Ibid.

[3] See A/HRC/17/49.

[4] See, for instance, http://www.guardian.co.uk/world/2011/jun/15/ivory-coast-liberia-mercenary-bob-marley-arrested/print.

[5] See the joint communications report of special procedures (A/HRC/18/51).

Working Group on the use of mercenaries, to conduct visits to the country.[6] The Working Group is hoping to have conducted such a visit by the end of 2011.

11. On 1 April 2011, the Working Group issued a press release, jointly with several other special procedures mandate holders, in which it expressed concern about the involvement of English-speaking mercenaries in attacks against civilians and recalled that the recruitment of such mercenaries is prohibited under international law.[7]

12. The Working Group notes that there is increasing concern regarding mercenary activities in West Africa generally and growing interest in developing a regional approach to this problem. In May 2011, President Ouattara called for such a regional approach, noting that many Liberian mercenaries who were active in Côte d'Ivoire had returned to Liberia, from where they may move on to Sierra Leone and then Guinea.[8] The Secretary-General has also favoured the development of a subregional strategy for addressing the mercenary problem.[9] On 20 June 2011, the Economic Community of West African States (ECOWAS) called upon its member States to monitor movements across their borders, with a view to arresting perpetrators of crime and preventing mercenary activities.[10]

2. Use of mercenaries in the Libyan Arab Jamahiriya

13. Peaceful demonstrations by Libyan citizens seeking political change in the Libyan Arab Jamahiriya began in February 2011. Within a few weeks, there were allegations that foreign mercenaries were being used by the Libyan authorities to violently suppress political protests. The Working Group has noted that this alleged use of mercenaries by the Government of the Libyan Arab Jamahiriya departs from the traditional practices witnessed in the twentieth century and set out in the International Convention on the Recruitment, Use, Financing and Training of Mercenaries,[11] adopted by the General Assembly in 1989. Traditionally, mercenaries have been recruited to either participate in an armed conflict or overthrow a Government. The March 2004 attempted coup in Equatorial Guinea offers an example of the traditional use of mercenaries. In the Libyan Arab Jamahiriya, on the other hand, mercenaries were not used to overthrow the Government: allegedly, they were used by the Government to quell civilian protests. Such mercenaries had allegedly been recruited from neighbouring African countries and, possibly, also from Eastern Europe.[12]

14. In relation to allegations concerning the use of mercenaries, the International Commission of Inquiry established in March 2011 by the Human Rights Council to investigate alleged violations of international human rights law in the Libyan Arab Jamahiriya has concluded that foreign nationals have taken part in the conflict,

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[6] See Human Rights Council resolution 16/25 of 25 March 2011, para. 9.

[7] Office of the United Nations High Commissioner for Human Rights; "Côte d'Ivoire: UN rights experts call on all parties to spare civilians and stop human rights violations". Available from http://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=10908&LangID=E.

[8] See http://www.bbc.co.uk/news/world-africa-13500677?print=true.

[9] See S/2011/387, para. 49.

[10] See http://news.ecowas.int/presseshow.php?nb=104&lang=en&annee=2011.

[11] United Nations, *Treaty Series*, vol. 2163, No. 37789.

[12] See A/HRC/17/44, para. 194.

including perpetrating human rights violations, particularly on the side of Government forces.

15. However, the Commission of Inquiry noted, and the Working Group agrees with its assessment, that there is some uncertainty about whether these foreign nationals meet the international definition of mercenary. Further information is required as to how, when and for what purpose these troops were recruited. For example, the Working Group does not know whether the foreign nationals were resident in the Libyan Arab Jamahiriya prior to their recruitment by the Government, whether they were engaged as part of an existing foreign military exchange, and when exactly they were recruited and for what purpose (for example, to suppress the demonstrations or to take part in the subsequent armed conflict).[13] What is clear, however, is that where mercenaries have been involved in human rights violations against the civilian population, they must be held accountable.[14]

16. In response to the events unfolding in the Libyan Arab Jamahiriya, the Working Group issued a press release on 22 February 2011, jointly with several other special procedures mandate holders, in which it expressed grave concern about the alleged involvement of foreign "mercenaries" in the killing of protesters.[15]

17. On 23 February 2011, the Working Group also sent an urgent appeal to the Government of the Libyan Arab Jamahiriya, jointly with several other special procedures mandate holders, in which it expressed concern about the death of civilians and the excessive use of force against protesters by security forces in the context of peaceful demonstrations. The Working Group requested, inter alia, detailed information on measures taken to ensure that foreign armed individuals were held accountable for any possible human rights violations. No response has been received to date.[16]

18. The Human Rights Council held a special session on the situation in the Libyan Arab Jamahiriya on 25 February 2011. The joint statement of special procedures mandate holders was delivered by the Chair-Rapporteur of the Working Group on the use of mercenaries.[17] In the statement, the mandate holders expressed concern about the authorities' enlistment of "mercenaries" from other countries to support the crackdown on demonstrators in Benghazi and other cities.

19. On 26 February 2011, the Security Council, in paragraph 4 of its resolution 1970 (2011), decided unanimously to refer the situation in the Libyan Arab Jamahiriya to the Prosecutor of the International Criminal Court. Pre-Trial Chamber I of the International Criminal Court concluded that there are reasonable grounds for believing that three Libyan officials are criminally responsible for indirectly committing crimes against humanity (murder and persecution). Arrest warrants were issued on 27 June 2011. The Office of the Prosecutor has reportedly gathered direct evidence on the role of Saif al-Islam, son of Moammar Qadhafi, in recruiting mercenaries.[18]

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[13] See A/HRC/17/44, para. 201.

[14] Ibid.

[15] "Libya: stop the massacre — UN experts". Available from http://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=10747&LangID=E.

[16] See the joint communications report (A/HRC/18/51).

[17] See http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=10761&LangID=E.

[18] See A/HRC/17/45, para. 17.

20. On 17 March 2011, the Security Council, in paragraph 16 of its resolution 1973 (2011), deplored the continuing flows of mercenaries into the Libyan Arab Jamahiriya and called upon all Member States to prevent the provision of armed mercenary personnel to the Libyan Arab Jamahiriya.

21. Considering the ongoing armed conflict occurring in the Libyan Arab Jamahiriya, the Working Group is not in a position to conduct a visit to that country. Nonetheless, it will make a request to the Libyan authorities for the conduct of such a visit early in 2012 or as soon as the hostilities have ceased and there is freedom of movement within the country.

B. Private military and security companies

1. Recent developments at the international level

22. Building on the Montreux Document[19] — which sets out applicable international legal obligations and good practices for States in regard to the operations of private military and security companies during armed conflict — the private military and security industry, with the support of the Government of Switzerland, developed the International Code of Conduct for Private Security Service Providers, which was launched in Geneva in November 2010. The Code establishes a common set of principles for private military and security companies which commits signatory companies to provide security services in accordance with the rule of law, respect for human rights and the interests of their clients.

23. The Working Group welcomes these efforts to clarify good practices and formalize and improve industry self-regulation as a means of protecting human rights, and is looking forward to examining the mechanisms currently being developed for implementing the Code. While the Working Group does not believe that such efforts are sufficient to ensure the accountability of those companies for human rights violations or that they will provide victims with an effective remedy, it nonetheless envisages that these initiatives will effectively complement a binding international legal instrument, such as the draft convention proposed by the Working Group (A/HRC/15/25, annex, and see also A/65/325).

24. Following the Working Group's presentation of the draft convention to the Human Rights Council in September 2010, and pursuant to the Working Group's recommendations, the Council established an open-ended intergovernmental Working Group to consider the possibility of elaborating an international regulatory framework, including, inter alia, the option of elaborating a legally binding instrument on the regulation, monitoring and oversight of the activities of private military and security companies, including their accountability, taking into consideration the principles, main elements and draft text as proposed by the Working Group on the use of mercenaries (Council resolution 15/26, para. 4); and requested the open-ended intergovernmental Working Group to present its recommendations at the twenty-first session of the Council (para. 6).

25. Representatives from 70 member States (as well as the African Union and the European Union) participated in the first session of the open-ended intergovernmental Working Group, which was held from 23 to 27 May 2011. The

[19] A/63/467-S/2008/636, annex.

United Nations Children's Fund (UNICEF) and the World Health Organization (WHO) participated in the session as well. Several non-governmental organizations in consultative status with the Economic and Social Council took part in the debates. Members of the Working Group on the use of mercenaries participated as resource persons (see below). The Working Group on the use of mercenaries was encouraged by the fact that a majority of the participants agreed on the need for regulation of private military and security companies. Discussions in the intergovernmental Working Group will continue next year.

2. National policy and legislative developments and regional initiatives

26. South Africa has adopted legislation on the regulation of private military and security companies, although the legislation has not yet entered into force. The Regulation of Foreign Military Assistance Act of 1998 will be replaced by the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act, which was adopted by Parliament in 2006. During its visit to South Africa in November 2010, the Working Group was informed that the regulations necessary for the entry into force of the new Act were in the process of being approved and would be enacted shortly.[20]

27. Iraq is considering the adoption of legislation on the regulation of private military and security companies. During its visit to Iraq in June 2011, the Working Group was informed that the draft legislation proposed by the Government will be considered by the Council of Representatives, possibly by the end of the current legislative session.[21]

28. In August 2010, the President of Afghanistan, Hamid Karzai, had issued a decree ordering all private military and security companies to leave the country within the next four months.[22] In March 2011, he announced that such companies would be allowed to remain in the country for another year in order to provide security for development projects. At the end of that period, the Afghan Public Protection Force is slated to provide protection for such projects.[23]

29. While some States have adopted or are considering the adoption of national legislation on private military and security companies, others have favoured self-regulation by the industry instead. During the reporting period, the Government of the United Kingdom of Great Britain and Northern Ireland confirmed in Parliament in March 2011 that it is seeking to establish a code of conduct setting out national standards derived from the International Code of Conduct for Private Security Service Providers, and to monitor and audit compliance of private military and security companies based in the United Kingdom. However, the Government does not consider it necessary to pass legislation to regulate private military and security companies.

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[20] See A/HRC/18/32/Add.3, para. 59.

[21] See A/HRC/18/32/Add.4, para. 47.

[22] See *Small Arms Survey 2011* (Geneva, 2011), chap. 4, p. 101. See also "Karzai orders guard firms to disband", *New York Times*, 17 August 2010. Available from http://www.nytimes.com/2010/08/18/world/asia/18afghan.html.

[23] See "Afghanistan lets Blackwater stay despite shakeup of security contractors", *Guardian* (guardian.co.uk), 7 March 2011. Available from http://www.guardian.co.uk/world/2011/mar/07/afghanistan-blackwater-xe-security-contractors.

30. During the reporting period, there have also been some developments in the United States of America aimed at clarifying the scope of United States jurisdiction over private contractors operating overseas. As noted by the Working Group during its mission to the United States in 2009, there is still uncertainty as to whether the Military Extraterritorial Jurisdiction Act covers non-Department of Defense contractors.[24] This is an important gap: in Iraq, it was mainly Department of State contractors, such as Blackwater, which were most often accused of committing crimes.[25] In 2010, there were renewed attempts to introduce, in the United States Congress, the Civilian Extraterritorial Jurisdiction Act with a view to filling the gaps in the existing legislation, but these efforts were unsuccessful. The main contentious issue centred on the insistence of the Department of Justice on a statutory carve-out for the authorized intelligence activities of the United States Government.[26] So that adoption could be secured, a proposal was reintroduced on 23 June 2011 with such a statutory carve-out.[27]

31. On 11 May 2011, the European Parliament adopted Resolution 2010/2299(INI) on the development of the common security and defence policy after the entry into force of the Treaty of Lisbon.[28] In the Resolution, the European Parliament called for the adoption of European Union regulatory measures, including a comprehensive system for the establishment, registration, licensing and monitoring of private military and security companies and for the reporting on violations of applicable law by such companies; and urged the European Commission and the Council of Ministers to begin the process of enacting a directive to harmonize national measures regulating the services offered by private military and security companies, and to draft a code of conduct that would pave the way for a decision on regulating the export of security services to third States.[29]

3. Judicial developments

32. Where the employees of private military and security companies are involved in human rights violations, it is the responsibility of the territorial State to prosecute those responsible for such violations. Where such prosecutions are not possible, as it was the case in Iraq because of the immunity arrangement put in place between 2004 and 2009 (see below), the home State has the responsibility for prosecuting. The Working Group remains concerned about the lack of prosecutions of employees of private military and security companies who have been involved in human rights violations. Nevertheless, the Working Group is encouraged by the successful efforts of the United States Government to reinstate the case against four Blackwater employees for their involvement in the shooting of Iraqi civilians in Nissour Square, Baghdad, on 16 September 2007. On 31 December 2009, the trial court dismissed the indictment against these defendants on the grounds that the evidence against them had been tainted by the "compelled" statements given by the defendants. Ruling on the appeal of the Department of Justice, the appellate court found that the evidence was not wholesale tainted and sent the case back to the trial court for the

[24] See A/HRC/15/25/Add.3, para. 59.

[25] See A/HRC/18/32/Add.4, paras. 50-52.

[26] See http://judiciary.senate.gov/pdf/11-5-25%20Breuer%20Testimony.pdf.

[27] See http://www.gpo.gov/fdsys/pkg/BILLS-112s1145rs/pdf/BILLS-112s1145rs.pdf.

[28] Reference: INI 2010/2299; text adopted: P7_TA(2011)0228; source reference: T7-0228/2011.

[29] See also the recommendations emanating from the PRIV-WAR project at http://priv-war.eu/?page_id=261.

determination, as to each defendant, of what evidence, if any, would be admissible.[30]

33. A number of civil suits have been lodged by victims against private military and security companies in United States courts as a means of obtaining redress for human rights violations committed overseas. These claims are generally brought under the Alien Tort Statute. One of these claims had been lodged in 2004 by some 250 Iraqi civilians allegedly tortured by CACI and Titan (now L-3 Communications) at the Abu Ghraib prison. After the case (*Saleh* v. *Titan*) was dismissed on appeal in 2009, the lawyers for the plaintiffs filed a petition with the Supreme Court asking that it review the case. In October 2010, the Supreme Court asked the United States Solicitor General to file a brief expressing the views of the United States. The brief, which was filed in May 2011, argued that the case should not be heard by the Supreme Court.[31] The Supreme Court announced on 27 June 2011 that it would not hear the appeal, thereby ending this case.[32]

III. Activities of the Working Group over the reporting period

34. In accordance with its usual practice, the Working Group held three regular sessions during the reporting period, two in Geneva and one in New York. The Working Group held its eleventh session from 29 November to 3 December 2010 and its twelfth session from 4 to 8 April 2011 in Geneva, and its thirteenth session from 5 to 8 July 2011 in New York. The Working Group continued to receive and review reports regarding the activities of mercenaries and private military and security companies and their impact on human rights and decided on appropriate action. As noted above, in May 2011, the members of the Working Group participated as resource persons in the first session of the open-ended intergovernmental Working Group established by the Human Rights Council.

A. Country visits

35. During the period under review, the Working Group visited South Africa in November 2010 and Iraq in June 2011. The full reports and recommendations are contained in addenda to document A/HRC/18/32.

36. The Working Group visited South Africa from 10 to 19 November 2010 to discuss the efforts of the Government to combat mercenary activities and ensure effective regulation and oversight of private military and security companies operating in South Africa and South African personnel working for private military and security companies abroad. The Working Group found that, owing to challenges in implementation and a resulting lack of prosecutions, the 1998 legislation on the provision of "foreign military assistance" had not had a significant impact on the private military and security industry. The Working Group noted that the Government had adopted new legislation in 2006 to address some of the gaps in the 1998 legislation. However, as the new legislation is not yet in force, its effectiveness

[30] See http://www.courtlistener.com/cadc/26ZB/united-states-v-paul-slough/.

[31] See http://www.ccrjustice.org/files/09-1313%20Titan%20US%20Br%20(2).pdf.

[32] See http://ccrjustice.org/files/Saleh_NewsReleaseJun2711.pdf.

in regulating the provision of security services in areas of armed conflict cannot be assessed at this time.

37. The Working Group urged the Government of South Africa to take measures to coordinate legislative frameworks regulating domestic private security companies and private military and security companies operating abroad so as to ensure the establishment of a comprehensive and effective monitoring regime. Furthermore, the Working Group recommended that the authorities consider the establishment of accountability mechanisms for private military and security companies at the domestic level. Mechanisms should also be put in place to ensure that victims have access to effective remedies for human rights violations involving such companies.

38. The Working Group undertook a visit to Iraq from 12 to 16 June 2011. The Working Group focused its visit on the measures taken by the Government to regulate the activities of private military and security companies operating in the country and the impact of those activities on the enjoyment of human rights. The Working Group found that, despite a decrease in incidents involving such companies in recent years, due in part to stricter regulation of their activities by the Iraqi authorities and efforts by the United States to better oversee its in-country contractors, Iraq continues to grapple with the problem of impunity for contractors involved in human rights violations between 2003 and 2009. In addition, while the 2009 Status of Forces Agreement between Iraq and the United States removed immunity for private security contractors working with the Department of Defense, the Working Group found that the removal of this immunity clearly does not cover all contractors employed by the United States Government in Iraq.

39. The lack of successful prosecution in the home countries of contractors accused of human rights violations in previous years points to a continued absence of accountability for private military and security companies. As the case against the alleged perpetrators of the shooting in Nissour Square is still pending in the United States courts, and as other perpetrators have not been brought to court, the Working Group has been of the view that victims of human rights violations involving contractors and their families are still waiting for justice.

40. The Working Group recommended that the Government of Iraq, as a matter of priority, adopt legislation on private military and security companies, which has been under consideration since 2008. It also recommended that the Government of Iraq devote the necessary resources to regulating these companies and monitoring their activities so as to ensure that they respect the human rights of the Iraqi people.

B. Communications

41. During the period under review, based on information that it had received, the Working Group sent communications to Afghanistan, Colombia, Côte d'Ivoire, Honduras, Israel, Liberia, the Libyan Arab Jamahiriya, the United Kingdom and the United States. The Working Group would like to thank the Governments of Bolivia (Plurinational State of), Colombia, the United Kingdom and the United States for their replies to its communications. The Working Group reiterates its interest in receiving responses from the concerned Governments in regard to allegations submitted and considers the responses to its communications to be an important component of the cooperation of Governments with respect to its mandate.

C. Participation in the open-ended intergovernmental Working Group on the regulation of private military and security companies

42. From 23 to 27 May 2011, the members of the Working Group on the use of mercenaries participated as resource persons in the first session of the open-ended intergovernmental Working Group on the regulation of private military and security companies established by the Human Rights Council. The Working Group on the use of mercenaries submitted a contribution to the intergovernmental Working Group in advance of the session.[33] During the session, individual members of the Working Group on the use of mercenaries made presentations regarding the activities of private military and security companies, including the human rights impact of these activities, national legislation and practices, obstacles to accountability, the need for an effective remedy for victims, and the elements of an international regulatory framework.

43. The Working Group on the use of mercenaries was encouraged by the broad and active participation of States and intergovernmental and non-governmental organizations in the session of the open-ended intergovernmental Working Group; and looks forward to further discussions at the next session of the intergovernmental Working Group, which will be held in early 2012. In this regard, the Working Group on the use of mercenaries encourages all States and other stakeholders to study carefully the draft convention that it submitted to the Human Rights Council and to continue to participate actively in the work of the intergovernmental Working Group, with a view to supporting the drafting of an international instrument for the regulation of private military and security companies.[34]

IV. Expert seminar on the State monopoly on the legitimate use of force

44. During the thirteenth session, held in New York, the Working Group hosted an expert seminar, on 6 and 7 July 2011, on the State monopoly on the legitimate use of force. The Working Group is most grateful to the 10 experts from around the world who contributed their knowledge and time to this endeavour (see annex).

45. In opening the seminar, the Chair-Rapporteur of the Working Group explained that the objective of the seminar was to discuss the content and status of the State monopoly on the legitimate use of force and the possible implications for the regulation of private military and security companies. The topics discussed during the seminar included the State monopoly on the use of force, national regulation of private military and security companies, and the possibility of adopting specific regulatory standards for different types of activities.

[33] http://www2.ohchr.org/english/bodies/hrcouncil/military_security_companies/docs/A_HRC_WG.10_1_CRP.1.E.doc.

[34] See http://www2.ohchr.org/english/bodies/hrcouncil/military_security_companies/statements_presentations.htm.

A. The State monopoly on the legitimate use of force

46. In the discussions, one expert noted that the State monopoly on the legitimate use of force was closely linked to the emergence of the modern State in Europe. Another expert explained that over the last several centuries, many States had held a monopoly on the use of force, but continued to use mercenaries. In fact, States continued to use mercenaries except during a period of about 100 years between the 1860s and the 1960s. Another expert underscored the fact that the monopoly on the legitimate use of force was a central attribute of sovereignty. As the State's monopoly on the use of force evolved, it was accompanied by entrenched ideas about the appropriate and legitimate use of force and democratic controls; and in this regard, it was proposed that a State could, in a manner consistent with human rights standards, delegate certain functions involving the use of force to private actors.

47. One expert stated that the use of private force has very different implications in States with a "firm" monopoly on the use of force and States where the monopoly on the use of force is less firm. In the latter type of State, such as Afghanistan, using private force can be extremely problematic, both because the territorial State may not be able to effectively regulate private security actors and because the activities of such actors could hinder the State's own efforts to establish control over the use of force. The role of the privatization of security in undermining the monopoly of the State on the legitimate use of force was also discussed in relation to Africa.

B. National regulation of private military and security companies

48. The experts pointed out that there is currently no comprehensive or standard regulatory framework for the activities of private military and security companies. Nonetheless, States bear the responsibility for holding private military and security companies accountable for human rights violations and should therefore develop national rules for regulating private military and security companies and for ensuring accountability.

49. Specifically, it was agreed that there should be stronger parliamentary control over the security activities delegated to private actors. Several experts believed national licensing systems should be set up in order to ensure that the personnel of private military and security companies comply with certain professional requirements, that they are aware of the relevant provisions of international human rights and humanitarian law, and that the companies have clear policies for their operations and the use of force, along with internal mechanisms for the investigation of any alleged violations committed by their personnel. Finally, some expressed the view that States should ensure that private military and security companies are held criminally responsible for their employees' conduct and should establish compensation mechanisms for victims. These steps would contribute to combating the culture of impunity that currently prevails.

50. There was agreement that national legislation is necessary, but also an awareness that, to the extent that private military and security companies can easily move their operations from one country to another, isolated attempts at adopting national legislation can have only a limited impact. One expert also discussed relevant rules of international humanitarian law. The experts agreed on the

importance of reaching international consensus on the need to regulate the private military and security industry. They considered that the draft convention developed by the Working Group on the use of mercenaries provided a comprehensive framework for international and national regulation of private military and security companies and that it should be supplemented by national legislation.

C. The issue of adopting specific regulatory standards for different types of activities

51. Several experts suggested that the diversity of functions performed by private military and security companies may warrant an approach to regulation based on specific activities or contracts that pose a heightened risk to human rights. In this connection, one expert noted that contract law is increasingly utilized to control and influence the behaviour and the activities of private military and security companies. Another expert suggested a regulatory structure in which national legislation would provide a clear list of activities that private military and security companies could be allowed to carry out, as well as specify the types of weapons that those companies could use. One expert expressed the view that licensing systems should not grant blanket authorization to companies to provide any or all services. Rather, a licensing system should consider whether a company and its employees have the training and capacity to perform particular activities in compliance with human rights standards.

D. Implications for the Working Group's activities and possible further steps

52. According to most of the experts, the existence of a State monopoly on the use of force does not preclude States from delegating certain functions involving the use of force to private actors. Nevertheless, such delegation should be carried out only in compliance with international human rights law and international humanitarian law, and under strict conditions which should be spelled out in national legislation. In view of the discussions, the Working Group believes that it would be useful to undertake a comprehensive review of national laws in order to identify good practices regarding the regulation of private military and security companies, and areas that may require more attention or regulation or both.

53. The expert seminar also highlighted the rapidly changing face of the private military and security industry. In this regard, the Working Group believes that further investigation is necessary into the nature of these changes and into the particular challenges posed by the evolution of the industry. Most of the experts also felt that an international regulatory framework for private military and security companies is necessary and welcomed the proposal of the Working Group for a draft convention regulating the activities of those companies.

54. The Working Group looks forward to continuing interaction with experts coming from different regions and having a range of perspectives, for the purpose of exploring and analysing future relevant issues.

V. Achievements under the mandate

55. All of the mandate holders who were appointed at the inception of the Working Group in 2005 will have completed the exercise of their mandates by October 2011. This being the case, the present section reviews their activities undertaken since the establishment of the Working Group in 2005 to analyse and address the human rights impact of the activities of mercenaries and private military and security companies. In carrying out its mandate, the Working Group has undertaken country visits, sent communications to and received communications from Governments, organized regional consultations with member States and elaborated a draft convention on private military and security companies.

A. Country visits

56. Since its establishment, the Working Group has conducted 11 country visits aimed at examining the activities of mercenaries and private military and security companies, their impact on human rights and the measures adopted by Governments to address such impact. During these visits, the Working Group engaged in constructive dialogue with Governments, civil society, private military and security companies, and other relevant stakeholders.

57. The Working Group had the opportunity to examine the situations in countries where mercenary activities have been reported (Equatorial Guinea), countries where private military and security companies are established (United Kingdom and United States), countries where those companies recruit (Chile, Ecuador, Fiji, Honduras, Peru and South Africa) and countries where they operate (Afghanistan and Iraq). The Working Group wishes to express its sincere gratitude to these Governments for having extended invitations and for their cooperation during these country missions.

58. In order to follow up on the implementation of its recommendations, the Working Group held meetings with the Permanent Missions to the United Nations of Afghanistan, Ecuador, Fiji, Honduras, Peru and the United States.

59. A number of requests for country visits have not received a favourable response. The Working Group encourages Governments to accept its requests to conduct country visits.

B. Communications

60. Based on information received, over the past six years, the Working Group has sent 35 allegation letters to 24 Governments[35] and 3 urgent appeals to 2 Governments.[36] The Working Group has also sent reminder letters and follow-up letters on several occasions. Communications addressed many of the issues concerning the activities of mercenaries and private military and security

[35] Afghanistan, Australia, Bolivia (Plurinational State of), Chile, Colombia, Côte d'Ivoire, Croatia, Cuba, Ecuador, Equatorial Guinea, Fiji, Hungary, Iraq, Ireland, Israel, Liberia, the Libyan Arab Jamahiriya, Mexico, Papua New Guinea, Peru, Romania, South Africa, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

[36] Guinea and Honduras.

companies, including serious human rights violations, the recruitment and training of third-country nationals, and national policies and practices such as licensing and registration procedures. It is the practice of the Working Group to send reminder letters to Governments that do not reply, or reply only partially, to its communications. Nonetheless, 10 Governments have failed to respond to any of the Working Group's communications.[37] The Working Group expresses its appreciation to those Governments that have provided substantive replies to its communications and invites those that have not done so to cooperate with its mandate.

C. Regional consultations

61. Pursuant to the request contained in General Assembly resolution 62/145, the Working Group has held regional consultations on traditional and new forms of mercenary activities as a means of violating human rights and impeding the exercise of the right of peoples to self-determination, in particular regarding the effects of the activities of private military and security companies on the enjoyment of human rights. Pursuant also to Human Rights Council resolution 10/11 of 26 March 2009, the Working Group held regional consultations in all five regions between 2007 and 2009.[38]

62. Participants in the regional consultations noted that the emergence of several new challenges and trends concerning the activities of mercenaries and private military and security companies increasingly impeded the enjoyment and exercise of human rights. They discussed the expansion of private military and security companies' operations in each region and the use of private security guards in lieu of national police forces. During the meetings, participants shared information regarding the potential repercussions on national sovereignty of outsourcing traditional government functions to private companies and discussed the regulations and other measures that States had adopted to ensure that private military and security companies respected international human rights standards. The Working Group and participants discussed general guidelines, norms and basic principles for the regulation and oversight of the activities of private military and security companies and the Working Group's work towards elaborating a possible new binding international legal instrument on the regulation of private military and security companies for the purpose of encouraging the further protection of human rights.

D. Elaborating a draft convention on private military and security companies

63. In its resolution 2005/2, the Commission on Human Rights requested the Working Group to prepare draft international basic principles that encouraged

[37] Afghanistan, Côte d'Ivoire, Equatorial Guinea, Fiji, Guinea, Liberia, the Libyan Arab Jamahiriya, Mexico, Papua New Guinea and Peru.

[38] The regional consultation for Latin America and the Caribbean was held in Panama in December 2007. It was followed by the consultation for Eastern Europe and Central Asia held in Moscow in October 2008; the consultation for Asia and the Pacific held in Bangkok in October 2009; the consultation for Africa held in Addis Ababa in March 2010; and the consultation for the Western European and other States group held in Geneva in April 2010.

private companies offering military assistance and consultancy and security services on the international market to respect human rights in their activities (para. 12 (e)). The Human Rights Council reiterated this request in its resolution 7/21 (para. 2 (e)). In its resolution 10/11 of 26 March 2009, the Council requested the Working Group to consult with intergovernmental and non-governmental organizations, academic institutions and experts on the content and scope of a possible draft convention on those companies; to share with member States, elements for a possible draft convention on private military and security companies; and to request their input on the content and scope of such a convention (para. 13 (a) and (b)).

64. Pursuant to these requests, the Working Group held extensive consultations with Governments, academics and non-governmental organizations with a view to elaborating the text of a possible new draft convention designed to regulate the activities of private military and security companies. In January 2010, the Working Group transmitted a note on the elements for a possible draft convention on private military and security companies to all member States for comment. At the conclusion of a broad and inclusive consultative process, the Working Group presented a draft text of a possible convention on private military and security companies to the Human Rights Council at its fifteenth session (A/HRC/15/25, annex). As mentioned above, the text of the draft convention is now with the intergovernmental Working Group established by the Human Rights Council, for consideration by member States.

VI. Conclusions and recommendations

A. Mercenaries

65. **As recent events in Côte d'Ivoire and the Libyan Arab Jamahiriya have shown, mercenaries continue to be recruited and active in several parts of the world. Mercenary activities often constitute threats to national and even regional peace and security. They also have a serious impact on the right of peoples to self-determination and the enjoyment of human rights. The Working Group is deeply concerned regarding the alleged involvement of mercenaries in serious human rights violations, including summary executions, enforced disappearances, rape, torture, cruel, inhuman or degrading treatment, arbitrary arrests and detention, arson, pillaging and looting.**

66. **The Working Group:**

- **Urges States to identify, arrest and prosecute promptly the mercenaries responsible for such violations and to take the necessary measures to prevent the recruitment and training of mercenaries on their territory**
- **Further appeals to member States that are not yet parties to consider acceding promptly and as a matter of urgency to the International Convention against the Recruitment, Use, Financing and Training of Mercenaries**

B. Private military and security companies

67. During its country visits, sessions and expert meetings, the Working Group engaged in consultations with a broad range of stakeholders in order to exchange views regarding the impact on human rights of private military and security companies and approaches to effective regulation of their activities. It remains concerned about the increasing use of such companies around the world and the lack of accountability for human rights violations in connection with their activities. The Working Group found that insufficient attention is paid to the problems raised by the activities of private military and security companies and that further research is needed on the impact on human rights of their activities and on effective regulatory strategies.

68. The Working Group welcomes efforts to clarify obligations under international law and identify good practices, such as the Montreux Document on pertinent international legal obligations and good practices for States related to operations of private military and security companies during armed conflict, and industry self-regulation initiatives such as the International Code of Conduct for Private Security Service Providers. The Working Group, nonetheless, considers that a comprehensive legally binding international regulatory instrument is necessary to ensure adequate protection of human rights.

69. The Working Group:

- Encourages all member States to study carefully the proposed text of a possible draft convention as well as the essential elements for a possible international framework to regulate and monitor the activities of private military and security companies and to continue to participate actively and constructively in the work of the intergovernmental Working Group established by the Human Rights Council, with a view to establishing in the shortest possible time a suitable binding framework through which to regulate and monitor the activities of private military and security companies

- Recommends, as a matter of priority, that member States adopt national legislation designed to regulate the activities of private military and security companies and ensure its effective implementation. Such legislation should, at a minimum, require licensing, registration, vetting, human rights training, Government oversight and regular monitoring, and should provide for civil and criminal responsibility in the event of human rights violations

- Also recommends that member States that contract with private military and security companies ensure prompt investigation into and prosecution of violations of international human rights law involving private military and security companies so as to guarantee accountability for human rights violations and provide an effective remedy for victims

70. Finally, the members of the Working Group on the use of mercenaries, especially those appointed at its inception in 2005 who are ending the exercise of their mandate in 2011, would like to take this opportunity to thank all States, intergovernmental and non-governmental organizations, academics and

individuals, and other stakeholders, that have cooperated with the Working Group over the last six years. They express the hope that such cooperation will continue in the coming years. In particular, they wish to recommend that all States continue to cooperate with the Working Group in the fulfilment of its mandate by, inter alia, extending invitations to the Working Group to visit and accepting the Working Group's requests to conduct country visits. Finally, the Working Group recommends that States consider carefully the allegation letters and urgent appeals sent by the Working Group and endeavour to respond promptly, accurately and in detail.

Annex

Speakers at the expert seminar on the State monopoly on the legitimate use of force (New York, 6 and 7 July 2011)

Alexander Volevodz
Moscow State Institute of International Relations, Russian Federation

René Värk
Faculty of Law, University of Tartu, Estonia and Estonian National Defence College, Estonia

Mark Ungar
City University of New York, United States of America

Helena Torroja Mateu
University of Barcelona, Spain

Sarah Percy
University of Oxford, United Kingdom of Great Britain and Northern Ireland

Pratap Chatterjee
Center for American Progress, United States of America

Irene Cabrera
Universidad Externado de Colombia, Colombia

Sabelo Gumedze
Institute for Security Studies, Pretoria, South Africa

Patricia Arias
Centre de Estudios del Desarrollo, Chile

Deborah Avant
University of California, Irvine, United States of America

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United Nations Relief and Works Agency for Palestine Refugees in the Near East

Palestine refugees' properties and their revenues

Report of the Secretary-General

Summary

On 9 and 11 May 2011, the Secretary-General sent notes verbales to Israel and all other Member States, drawing their attention to the relevant provisions of General Assembly resolutions 65/98 to 65/101 and requesting information by 8 July 2011 concerning any action taken or envisaged in relation to the implementation of those resolutions. Replies dated 2 June and 8 July 2011 were received from Denmark and Israel responding, inter alia, to the request contained in paragraph 4 of resolution 65/101. The full text of the replies is reproduced in the present report. No information has been received from other Member States regarding the implementation of resolution 65/101.

* A/66/150.

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1. The present report is submitted pursuant to paragraph 6 of General Assembly resolution 65/101, on Palestine refugees' properties and their revenues.

2. In a note verbale dated 9 May 2011, the Secretary-General drew the attention of the Permanent Representative of Israel to the United Nations to General Assembly resolutions 65/98 to 65/101, all of 10 December 2010, with the request that the Permanent Representative inform him by 8 July 2011 of any steps that his Government had taken or envisaged taking to implement the relevant provisions of the resolutions.

3. On 11 May 2011, the Secretary-General sent a note verbale to all other Member States drawing their attention to the relevant provisions of General Assembly resolutions 65/98 to 65/101 and requesting information by 8 July 2011 on any actions taken or envisaged in relation to their implementation.

4. A reply dated 2 June 2011 was received from Denmark responding to the request contained in paragraph 4 of General Assembly resolution 65/101. The full text of the reply reads as follows:

> With regard to resolutions 65/98, 65/99 and 65/100, paragraph 25, Denmark has in 2010 supported the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) with a core contribution of DKr 70 million as part of its continuous support to the Agency, and expects to contribute a similar amount in 2011. Furthermore, in 2010 Denmark contributed an additional DKr 10 million for the implementation of educational activities in Gaza, which is yet another expression of support to the development mission of the Agency and represents a concrete investment in the future of Palestine refugees. Denmark also contributed DKr 5 million for the relief and recovery appeal of UNRWA in Nahr el-Bared camp in Lebanon in 2010.
>
> In addition, the Danish health-care company Novo Nordisk has joined a partnership agreement with the Agency to improve the health systems and fight diabetes and its associated illnesses for the Palestinian refugees.
>
> With specific regard to resolution 65/100, paragraph 24, regarding special allocations for grants and scholarships for higher education to Palestine refugees, Denmark has in 2010 supported the higher education of two Palestinian individuals through the Danida Fellowship Centre. In 2009, Denmark supported three Palestinians through the Danida Fellowship Centre.
>
> Regarding resolution 65/101, in which States are urged to provide the Secretary-General with any pertinent information in their possession concerning Arab property, assets and property rights in Israel, Denmark contributes through the continuous reporting on the overall political and developmental situation in the Occupied Palestinian Territories. Furthermore, Denmark contributes to information and monitoring of the issues through support to human rights organizations in the field.

5. A reply dated 8 July 2011 was received from Israel responding, inter alia, to the request contained in paragraph 4 of General Assembly resolution 65/101. The full text of the reply reads as follows:

> While Israel voted against these resolutions in the light of their politicization and one-sided perspective, as it has done on similar resolutions

in the past, the Permanent Mission wishes to reiterate Israel's support for the humanitarian activities of UNRWA. In this respect, Israel reaffirms its intention to continue facilitating the extension of humanitarian services by UNRWA to its beneficiaries in the field.

Despite an ongoing and acute threat to its security, Israel has gone to great lengths to foster conditions for Palestinian economic development and cooperation, including by liberalizing the system by which civilian goods enter Gaza and assisting in extending humanitarian assistance to Palestinian beneficiaries.

Since the beginning of 2010, Israel has approved the building of 72 UNRWA projects in Gaza. However, UNRWA, for reasons of its own, has commenced work on only 33 of those projects (of those, 10 have been completed). In education, for example, Israel has approved the building of 24 new schools in Gaza (not including an additional 18 new educational projects approved in June 2011). However, UNRWA has started work on only 11 schools. It should also be noted that despite the delay in the execution by UNRWA of the approved projects, in the period 2008-2010 UNRWA built 35 new schools in Gaza, an increase of 40 per cent compared with the number of schools built in the period 2000-2007.

Over the last year the Government of Israel has also authorized major steps to ease security-related restrictions in the West Bank. In 2010, 98 roadblocks were removed throughout Judea and Samaria and there is a free flow of movement between all major Palestinian cities in Judea and Samaria — from Jenin in the north to Hebron in the south. Growth in terms of gross domestic product (GDP) in the West Bank for 2010 was 8 per cent and tourists' visits increased by 49 per cent, mainly to Bethlehem.

The positive trend was maintained in the first quarter of 2011, when GDP grew by 3.4 per cent compared with the first quarter of 2010.

Despite attacks by Hamas, Israel continues to facilitate the entry of large quantities of humanitarian aid supplies and other products into Gaza. In 2010, there was a 28 per cent increase in the number of truckloads that were transferred into Gaza (39,868 in 2010 compared with 31,055 in 2009) and the daily average of truckloads transferred into Gaza amounted to 163 truckloads a day, a 43 per cent increase compared with 2009. Export from the Gaza Strip was also expanded: 152 tons of strawberries and 368,208 flowers were exported in 2010. Also in 2010, 17,924 patients and accompanying individuals were permitted to exit the Gaza Strip for medical care, a 70 per cent increase compared with 2009. Throughout the year, Israel maintained the supply of electricity to the Gaza Strip. The transfer of diesel for the Gaza power station was carried out according to the requests of the Palestinian Authority — 70,876,781 litres of diesel were transferred.

These changes resulted in an increase of 15 per cent in GDP in Gaza in 2010. This positive trend continued in the first quarter of 2011, when GDP grew by 24.4 per cent and per capita GDP grew by 20 per cent compared with the first quarter of 2010.

Notwithstanding the above, terrorist organizations in the West Bank and the Hamas-controlled Gaza Strip remain active in planning, preparing and attempting to execute terrorist attacks.

In 2010, 463 terrorist attacks emanated from or were carried out in the West Bank, leading to the deaths of nine Israeli citizens. These attacks were carried out in all forms and on all fronts, particularly by Hamas.

The first half of 2011 witnessed an alarming escalation in the nature of terrorist activity against Israeli targets in the West Bank and Jerusalem. In the first five months of 2011, 278 terrorist attacks were carried out in or emanated from the West Bank, resulting in the deaths of 11 Israeli citizens including, in March 2011, the brutal murder of the Fogel family, in which five family members (father, mother and three children — an 11-year- old, a 4-year-old and a baby of 3 months) were murdered in their sleep by two terrorists who had penetrated their home.

In 2010, 372 terrorist attacks emanated from the Gaza Strip. In the first four months of 2011, we witnessed an alarming increase in terror attacks emanating from the Gaza Strip (currently the number stands at 163). Also alarming is the escalation in the nature of the attacks, which, in addition to Grad missiles, rockets and mortar shells, involve anti-tank missiles aimed at Israeli civilian populations. One example is the attack that was carried out on 7 April 2011, when an anti-tank missile was fired from Gaza at a school bus, killing one Israeli teenager.

Notwithstanding its support for the humanitarian activities of UNRWA, Israel remains concerned by the political motivation of the aforesaid resolutions and is disturbed by the fact that they present a one-sided view that fails to reflect the reality on the ground. In this respect, public statements by UNRWA officials with a strong political and one-sided tone are deeply troubling. As a professional, humanitarian body, UNRWA must be vigilant in avoiding references to matters of a political nature.

Israel supports the consolidation of UNRWA resolutions and the removal of all extraneous political language. Moreover, Israel urges the Secretary-General and UNRWA to consider, together with the concerned parties, ways in which the United Nations can enhance the manner in which it advances the welfare of the Palestinian people.

In this respect, Israel favours the application, in the Palestinian context, of the standard principles guiding the United Nations with respect to the treatment of refugees. Specifically, the mandate of UNRWA should be such that entitlement to its services is defined in a manner consistent with the standard United Nations policy on refugees. Furthermore, the mandate of UNRWA should include the active promotion, in the Palestinian context, of the broadly applied United Nations goals of resettlement and local integration of refugees.

The annual General Assembly resolutions on UNRWA represent a politically motivated departure from the standard United Nations policy on refugee matters. This politicization of a strictly humanitarian issue has exacerbated the situation of the Palestinian refugees by preventing practical solutions to their needs, such as have been successfully implemented with

respect to numerous groups of refugees around the world. Israel attaches importance to promoting such changes in these resolutions as will ensure that the mandate of UNRWA is consistent with the general principles guiding United Nations policy on refugees.

6. No information has been received from other Member States with regard to the request contained in paragraph 4 of General Assembly resolution 65/101.

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Proposed programme budget for the biennium 2012-2013

Human resources management

Activities of the Ethics Office

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 60/254, entitled "Review of the efficiency of the administrative and financial functioning of the United Nations" in which the Assembly requested the Secretary-General to report annually on the activities of the Ethics Office and the implementation of ethics policies. The report additionally includes information on the activities of the United Nations Ethics Committee, as mandated by the General Assembly in resolution 63/250 on human resources management.

The present report covers the period from 1 August 2010 to 31 July 2011.

* A/66/150.

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Contents

		Page
I.	Introduction	3
II.	Background and general information	3
III.	Activities of the Ethics Office	6
	A. Financial disclosure programme	6
	B. Protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations	10
	C. Outreach, training and education	12
	D. Advice and guidance	14
	E. Standard-setting and policy support	17
IV.	United Nations Ethics Committee and Ethics Network	18
V.	Proposed future arrangements for the financial disclosure programme	19
	A. Review function	20
	B. The information technology platform	21
VI.	Resource requirements for a new information technology platform	22
VII.	Conclusions and recommendations	22

I. Introduction

1. The present report, the sixth since the establishment of the United Nations Ethics Office in January 2006, is submitted pursuant to General Assembly resolution 60/254, paragraph 16 (i), by which the Assembly requested annual reporting on the activities of the Ethics Office and the implementation of ethics policies.

2. In accordance with the mandate of the Ethics Office to promote the highest standards of integrity and to foster a culture of ethics, transparency and accountability within the Organization, the present report provides an overview and assessment of the work and achievements of the Ethics Office in relation to its areas of responsibility over the reporting period. The present report addresses the longer term strategic focus of the Office in respect to current activities and implementation of ethics policy.

3. The present report is also submitted pursuant to General Assembly resolution 63/250, by which the Assembly requested the Secretary-General to include in his report on the activities the Ethics Office information on the activities of the United Nations Ethics Committee.

4. The present report also sets out the proposal of the Secretary-General regarding future arrangements for the financial disclosure programme in response to the request of the General Assembly as contained in paragraph 1 of resolution 62/236. In that resolution, the General Assembly endorsed a recommendation by the Advisory Committee on Administrative and Budgetary Questions (A/62/7, para. I.17) that the Secretary-General conduct an in-depth analysis of the relative advantages and disadvantages, including costs, of conducting the review services required under the financial disclosure programme in-house, as compared to the current outsourcing arrangements. The details of the analysis and the associated proposal of the Secretary-General are presented in section V of the present report.

II. Background and general information

5. The Ethics Office was established as an independent office within the Secretariat upon the approval of the General Assembly at the 2005 World Summit (see General Assembly resolution 60/1, para. 161 (d)) and commenced operation on 3 January 2006. Pursuant to the Secretary-General's bulletins ST/SGB/2005/22 and ST/SGB/2007/11, the main responsibilities of the Office include the following:

(a) Administering the financial disclosure programme of the Organization;

(b) Undertaking the responsibilities assigned to it under the United Nations policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations;

(c) Developing standards, training and education on ethics issues, in coordination with the Office of Human Resources Management and other offices as appropriate, and conducting ethics outreach;

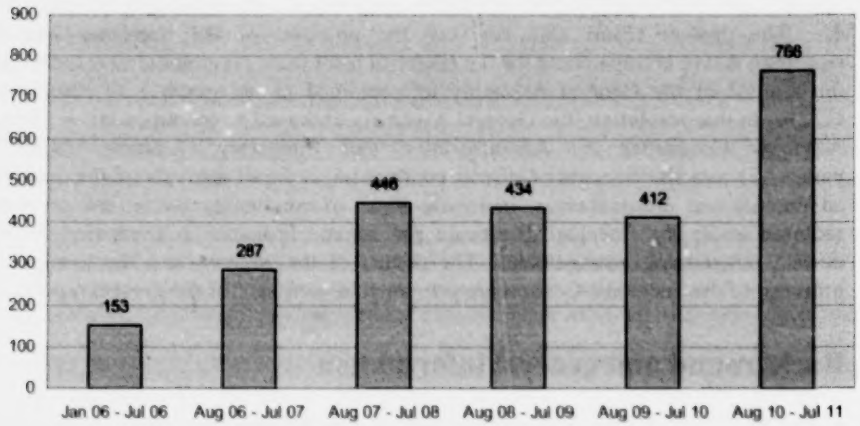
(d) Providing confidential advice and guidance to staff on ethical issues (e.g., conflicts of interest), including administering an ethics helpline;

(e) Supporting ethics standard-setting and policy coherence.

6. In accordance with its core mandates, the Ethics Office assists the Secretary-General in ensuring that all staff conduct themselves with integrity and professionalism and uphold the Charter of the United Nations. The Office seeks to nurture and sustain an organizational culture committed to ethics and accountability in order to enhance the credibility and effectiveness of the United Nations.

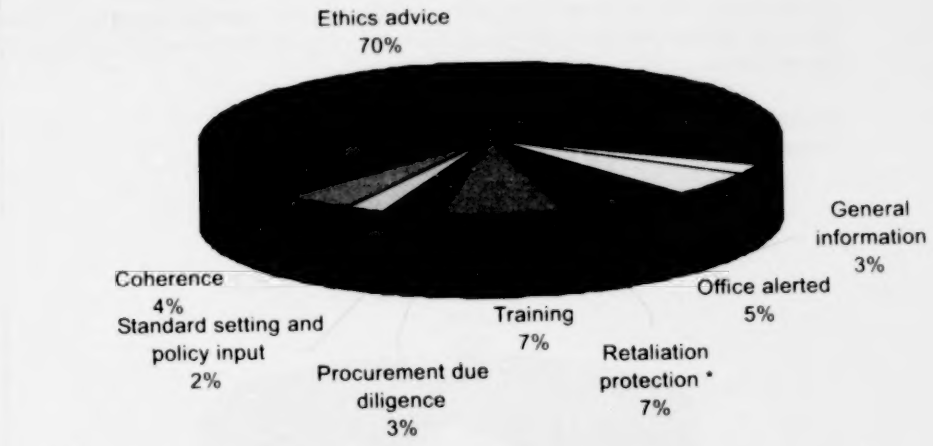
7. Reflecting its role as a consultative, impartial and service-oriented resource within the Organization, in the period from 1 August 2010 to 31 July 2011, the Ethics Office received a total of 766 requests for its services. Pursuant to the efforts of the Office over the reporting period to raise further awareness of its services amongst staff members, this figure represents a 78 per cent increase in the number of requests received by the Office when compared to the average for the preceding three reporting periods. Figure 1 provides a comparison of the volume of requests by reporting cycle for the period from 2006 to 2011.

Figure 1
Volume of requests by reporting cycle, January 2006-July 2011



8. In line with the comprehensive ethics coverage of the Ethics Office, requests received during the reporting period continued to cover a broad range of ethics issues including, inter alia, permissibility of outside activities, gift acceptance, involvement in political activity, policy advice, support for standard-setting and protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. Figure 2 below provides a breakdown of requests by category.

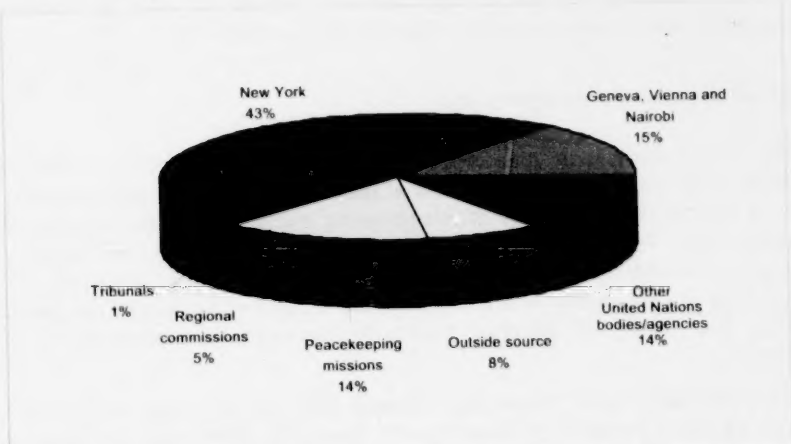
Figure 2
Volume of requests by category, 1 August 2010-31 July 2011



* Data includes Ethics Committee case review requests

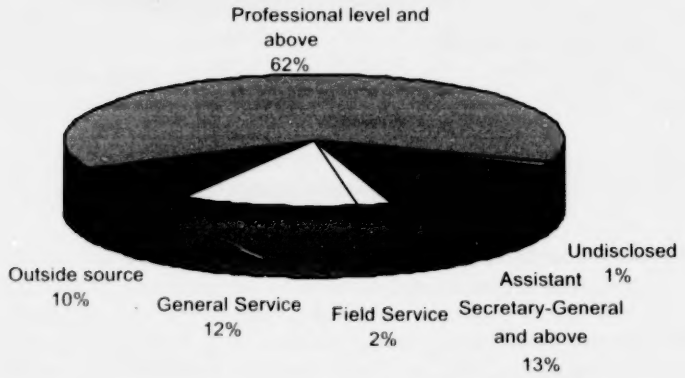
9. As illustrated in figure 3, the Ethics Office continued to receive requests for its services from various organizational sources across geographical locations. While the majority of requests continued to emanate from offices and personnel based in New York (43 per cent), the reporting period saw a 9 per cent increase in the percentage of requests coming from outside Headquarters, notably from peacekeeping missions and the United Nations Offices at Geneva, Vienna and Nairobi. The increase in requests for services from United Nations locations outside New York can be attributed to the organizational outreach initiatives undertaken by the Office in 2010-2011, as discussed in section III of the present report.

Figure 3
Volume of requests by source, 1 August 2010-31 July 2011



10. Pursuant to its commitment to provide comprehensive advisory and support services to all levels of staff, the Ethics Office continued to deliver services to staff and management of differing grades across the Secretariat, as demonstrated in figure 4 below. As with the last reporting cycle, a considerable percentage of requests (13 per cent) were received from senior managers at the Assistant Secretary-General level and above, indicating the perceived value of the Office at senior levels of the Organization.

Figure 4
Volume of requests by grade, 1 August 2010-31 July 2011



III. Activities of the Ethics Office

11. During the reporting period the Ethics Office attained significant achievements within each of its core mandates. Collectively, these activities support the strategic objective of promoting an ethical organizational culture in order to enhance organizational integrity, accountability, efficiency and productivity.

A. Financial disclosure programme

12. The Ethics Office is mandated to administer the financial disclosure programme of the Organization as a means of identifying, managing and mitigating conflict of interest risks in pursuit of strengthening public trust in the integrity of the Organization. Pursuant to the Secretary-General's bulletin ST/SGB/2006/6, designated staff members, including all staff at the D-1 or L-6 level and above and those involved in procurement and investment, are obliged to file annual disclosure statements. The review of financial disclosure statements is outsourced to an external party.

13. The 2010 filing cycle, beginning 1 March 2010 and covering the financial disclosure reporting period of 1 January to 31 December 2009, required financial

disclosure filing on the part of 4,065 staff members. Of this number, 1,244 were new entrants to the programme. A total of 99.2 per cent of the participants (or 4,031 staff members) complied with their filing obligations.

14. In 2010, the Ethics Office implemented additional procedures to support compliance with programme requirements. It provided enhanced technical support to staff experiencing technical filing issues and responded to individual participant queries within a 48-hour window. Staff members who failed to adhere to their disclosure obligations, subsequent to the Ethics Office providing support, were referred on a monthly basis to their departmental focal points and heads of departments for internal follow-up. Enhanced efforts were also undertaken by the external reviewer of the programme in following up with concerned staff, before non-compliance cases were referred back to the Ethics Office.

15. To manage organizational risk, financial disclosure statements are assessed for conflict of interest. Experience reveals that a considerable amount of disclosed information requires follow-up research and clarification. During the 2010 filing cycle, the external reviewers of the programme identified 102 participants (2.5 per cent of the filing population) as having a total of 150 potential conflicts of interest requiring resolution. Of the 150 conflicts so identified, 58 related to financial holdings, 50 to outside activities and 42 to family relationships. The reviewers, in consultation with the Ethics Office, issued recommendations regarding actions to be taken in order to remedy these potential conflicts. The table below provides a breakdown of the remedial actions taken for these cases. It should be noted that no further action was required for 34 of these cases for a variety of reasons, chief of which was that the item no longer presented a potential conflict of interest.

Remediation of conflict of interest cases in the 2010 financial disclosure programme

	Number of cases	*No further action*	*Obtain approval*	*Recusal*	*Managed account*	*Other*
Financial Interests	58	12		34	8	4
Outside activities	50	16	29			5
Family relationships	42	6		32		4
Total	**150**	**34**	**29**	**66**	**8**	**13**

16. The process of reviewing financial disclosure statements additionally consists of a verification process. The verification procedure requires that selected participants provide third-party documentation to ensure the completeness and accuracy of information disclosed in their statements. For the 2010 filing cycle, a total of 191 participants were selected on the basis of a stratified random sample across different agencies, grades, departments and duty stations to participate in the verification process. In addition to the participants selected at random, those participants from the 2009 filing cycle who did not provide complete third-party documentation were reselected for the 2010 verification process.

17. By the close of the 2010 filing cycle, a total of 34 participants had failed to comply with their obligations under the programme. Of these, 12 are staff members from participating United Nations entities other than the Secretariat. The remaining

22 staff members were referred to the Office of Human Resources Management for appropriate action. Those cases are currently under review.

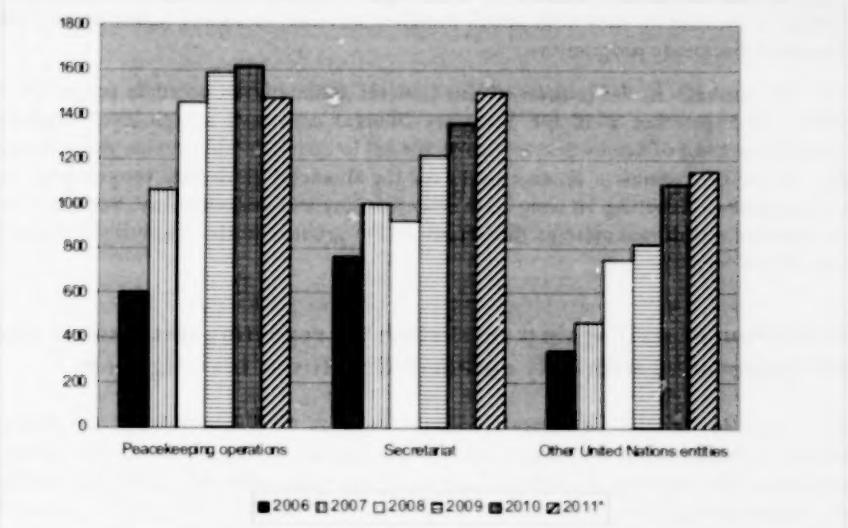
18. The Ethics Office observes that staff members who failed to comply with the 2009 programme cycle largely attributed this to their perception that they were not required to participate in the financial disclosure programme. To address this issue, the Office has increased its training and outreach efforts for the 2011 filing cycle. Notably, in March 2011, the Office organized town hall meetings directed at sensitizing staff members to their filing obligations and held training sessions for financial disclosure programme focal points in order to facilitate the provision of enhanced guidance within their relevant departments to staff members filing statements. Ethics Office personnel, including the Director of the Ethics Office, provided guidance on programme issues to field-based staff and management in the course of the outreach initiatives to peacekeeping missions undertaken by the Office in 2011 (see section C below).

19. In its resolution 63/250, the General Assembly endorsed a recommendation by the Advisory Committee on Administrative and Budgetary Questions that in future reports on the activities of the Ethics Office the Secretary-General provide data, by duty station, on the number of individuals covered by the programme; the number of individuals who have complied with their filing obligations; the number of individuals who have failed to comply with those obligations; and the reasons for their failure to comply. Information concerning the 2010 financial disclosure programme by department/office within the United Nations Secretariat may be found in the annex to the present report.

20. The United Nations voluntary public disclosure initiative continued during the 2010 filing cycle with noticeable improvements. A total of 111 senior United Nations officials at the Assistant Secretary-General level and above participated in the initiative, representing an 81 per cent participation rate. Of those participants, 80 officials (or 72 per cent) opted to make a full public disclosure of their assets and interests, demonstrating their commitment to transparency and their recognition of the need to assure the general public and Member States that in the discharge of their official duties they were not influenced by personal considerations. The voluntary public disclosures in 2010 of the Under-Secretaries-General and Assistant Secretaries-General have been posted on the website of the Secretary-General.

21. Regarding the 2011 filing cycle which commenced on 1 March 2011, a total of 4,113 staff members were enrolled as of 30 June 2011. Figure 5 below provides a comparison of the participation levels between the various annual filing cycles of the financial disclosure programme, including a breakdown by organizational grouping.

Figure 5
Financial disclosure participation by entity and filing year, 2006-2011



	Peacekeeping operations	*Secretariat*	*Other United Nations entities*	***Total by year***
2006	603	762	339	**1 704**
2007	1 062	997	469	**2 528**
2008	1 449	919	750	**3 118**
2009	1 584	1 212	822	**3 618**
2010	1 700	1 253	1 112	**4 065**
2011*	1 473	1 493	1 147	**4 113**

* As at 30 June 2011.

22. While the financial disclosure programme is primarily targeted at the Secretariat, other United Nations entities[1] also participate in the programme on a cost-sharing basis. The participation of other United Nations entities in the programme enables a coherent approach in implementing financial disclosure

[1] The following United Nations entities currently participate in this programme: the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Disarmament Research, the United Nations Interregional Crime and Justice Research Institute, the Joint United Nations Programme on HIV/AIDS, the United Nations Convention to Combat Desertification, the Office of the United Nations High Commissioner for Refugees, the United Nations Compensation Commission, the United Nations Framework Convention on Climate Change, the United Nations Institute for Training and Research, the United Nations University and the United Nations Entity for Gender Equality and the Empowerment of Women.

policies and assists these entities in managing conflict of interest risks. In respect to the 2011 filing cycle, the newly established United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has requested the Ethics Office to provide its staff with ethics function services, including administering the financial disclosure programme.

23. In response to the request of the General Assembly as noted in paragraph 4 above, in September 2010 the Secretary-General convened a high-level advisory group consisting of senior Secretariat personnel to consider and provide guidance on the review of alternative arrangements for the financial disclosure programme, for the purpose of ensuring its long-term effectiveness and sustainability. Section V of the present report summarizes the report of the group and the Secretary-General's associated proposal.

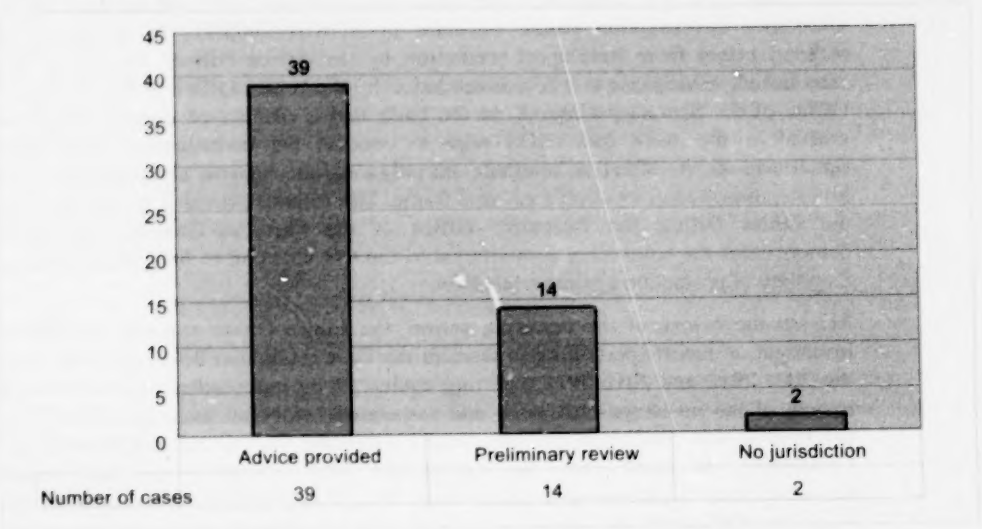
B. Protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations

24. Pursuant to the Secretary-General's bulletin ST/SGB/2005/21, the Ethics Office is mandated to implement the United Nations policy on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. In accordance with ST/SGB/2005/21, the Office receives complaints of retaliation and conducts preliminary reviews to determine whether a complainant engaged in a protected activity and if so, whether the protected activity was a contributing factor to the alleged retaliation. In the event that the Office determines a prima facie case of retaliation on the basis of its preliminary review, the matter is referred to the Office of Internal Oversight Services (OIOS), or an alternate investigating mechanism if required, for formal investigation.

25. Pending the completion of a referred investigation, the Ethics Office may recommend to the Secretary-General that interim protection measures be implemented to safeguard the interests of the complainant. The Office will make a final determination subsequent to receipt and assessment of the completed investigation report and evidential materials.

26. From 1 August 2010 to 31 July 2011, the Ethics Office received 55 requests related to protection against retaliation. This represents a 56 per cent increase compared to the previous reporting cycle, when 36 requests were received. As reflected in figure 6 below, preliminary review assessments were deemed to be warranted in relation to 14 of the 55 requests. Of these, the Office concluded its review of 11 cases, with 1 of the cases referred for investigation subsequent to a prima facie finding of retaliation by the Office. While it was determined that there was no prima facie case of retaliation in 9 of the remaining 10 cases, the request for protection in the tenth case was withdrawn by the complainant. The preliminary review process remains underway in regard to the remaining 3 cases.

Figure 6
Actions taken on requests for protection, 1 August 2010-31 July 2011



27. Concerning the 41 requests deemed not to warrant preliminary review assessments, while it was determined that 2 of them fell outside the scope of the mandate, the remaining 39 requests involved the provision of advice and guidance on the scope and applicability of the United Nations policy of protection against retaliation. Staff members were also directed to other relevant bodies including, inter alia, the Office of the Ombudsman and Mediation Services, the Office of Staff Legal Assistance and the management evaluation unit and the performance management team of the Office of Human Resources Management.

28. During the reporting period, the Ethics Office additionally completed preliminary reviews of nine cases from the 2009-2010 reporting cycle. The Office determined prima facie cases of retaliation for two of these cases and subsequently referred them for investigation. No prima facie cases of retaliation were found for the remaining seven cases. The completion of these cases from the 2009-2010 reporting cycle has left the Office without a case backlog for the first time since its initial year of operation and bears out its renewed commitment to addressing all requests regarding protection against retaliation in a timely and efficient manner.

29. During the reporting period, the Ethics Office facilitated interim protection measures for two retaliation complainants subsequent to separate prima facie retaliation determinations made by the Office in the 2009-2010 and 2010-2011 reporting cycles. While one case involved the transfer of the staff member to another United Nations office at an alternate work location, the other involved the reassignment of the complainant within their home office. The capacity to offer interim protection measures constitutes an essential element for safeguarding retaliation complainants and encourages staff to report misconduct on the basis that protection will be forthcoming. The Office will continue to recommend interim

protection measures where required, in order to further the effectiveness and integrity of the United Nations policy of protection against retaliation.

30. The 2010-2011 reporting cycle also involved the first establishment of an alternative investigation panel, pursuant to ST/SGB/2005/21, to investigate a referred prima facie finding of retaliation by the Ethics Office. The panel was established, subsequent to a recommendation by the Ethics Office to the Executive Office of the Secretary-General, on the basis that a conflict of interest would be created in the event that OIOS were to conduct the investigation. The panel functioned as an effective alternate investigating mechanism and completed its investigation within its stipulated time frame. The support provided to the panel by the Ethics Office, the Executive Office of the Secretary-General and OIOS demonstrates the continuing commitment of the Organization to fully implementing its policy of protection against retaliation.

31. In the course of the reporting period, the Ethics Office received completed investigation reports pertaining to three prima facie retaliation determinations from the 2009-2010 and 2010-2011 reporting cycles. Upon independent assessment and review of the investigation reports and associated evidential materials, the Office determined that retaliation had not been established for two of the three cases. Concerning the third case, the Office did find retaliation and has issued recommendations pertaining to disciplinary actions and corrective measures to the Executive Office of the Secretary-General and the Department of Management, pursuant to ST/SGB/2005/21. In pursuit of establishing transparent and structured case review practices, the Office has additionally developed standard operating procedures for the acceptance and review of retaliation complaints, as well as for the review and assessment of investigation reports received.

32. The effective implementation of the policy of protection against retaliation remains an essential cornerstone in promoting an organizational culture that encourages staff to speak out against behaviour that places the reputation and standing of the Organization at risk. In addition to the thorough and timely review of retaliation complaint cases received, the Office will continue to articulate the purpose, scope and availability of the policy to staff. The Office considers the raising of awareness of the policy as one means to prevent retaliation from occurring.

C. Outreach, training and education

33. During the reporting period the Ethics Office intensified its efforts to engage with staff based outside New York. The Office views outreach initiatives as a crucial means to broaden awareness of its services and to listen directly to the ethics-related concerns of staff based in field locations. The Office regards staff engagement as a central component in strengthening and consolidating an ethical culture across the Organization.

34. From February to May 2011 the Director of the Ethics Office, with the support of Ethics Office personnel, conducted field visits to the United Nations Interim Force in Lebanon (UNIFIL), the United Nations Economic and Social Commission for Western Asia, the United Nations Disengagement Observer Force, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the United Nations Office at Geneva, the United Nations Mission in

Liberia (UNMIL) and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo. In total, face-to-face meetings were conducted with over 900 staff members.

35. The outreach missions of the Ethics Office have enabled it to engage in candid discussions with staff and management on a wide range of ethical issues and have enhanced awareness of its role and mandate. In pursuit of strengthened system-wide efficiency, the missions have also enabled enhanced contact with regional offices, such as those of the Ombudsman and Mediation Services and conduct and discipline teams that may engage in case referrals with the Office. The Office will continue to conduct field-focused outreach missions in order to enhance its understanding of field-based ethical risks and to determine the specific communication and education needs of field-based staff.

36. Given the importance of training in supporting ethical awareness and empowering staff to exercise ethical judgement and take ethical decisions, during the reporting period the Ethics Office facilitated and provided ethics training. Pursuant to its mandated role to develop "standards, training and education on ethics issues" and ensure "annual ethics training for all staff" (ST/SGB/2005/22), the Office organized, in collaboration with the Office of Human Resources Management, ethics learning activities for staff members across the Secretariat. Efforts focused on the design, adaptation and delivery of general and customized workshops and modules in online and face-to-face formats.

37. Online ethics training continued to be provided via the mandatory online learning programme "Integrity Awareness Initiative" (ST/SGB/2005/17), which is directed at staff members at all levels and focuses on the core values and standards of integrity to be observed within the workplace. Since the launch of the programme in 2005, over 45,200 persons have completed the training, including 11,600 during the current reporting period.

38. Delivery of the general workshop "Professional ethics and integrity in our daily work" continued in New York and at other duty stations throughout 2010 and 2011. Since the launch of the workshop in 2006, almost 14,000 staff members system-wide have participated in these workshops. In the current reporting year, over 1,000 staff members system-wide were accommodated at approximately 100 workshop sessions. In response to specific office requests, workshop sessions were specially arranged or integrated into broader training programmes for field-based staff members within UNIFIL, UNMIL, the United Nations Framework Convention on Climate Change, the United Nations Truce Supervision Organization and the United Nations Environment Programme (in Bonn, Paris and Geneva). In early 2011, the Ethics Office, in cooperation with the Office of Human Resources Management and the external providers of the training programme, reviewed, updated and supplemented the content of the workshop, in accordance with evolving needs and priorities.

39. Building upon successful collaborative efforts between the Ethics Office, the Office of Human Resources Management and the Procurement Division, in 2010 an online training module entitled "Ethics and integrity in procurement" was launched on the Procurement Division training campus website. During the reporting period 268 persons completed the programme, which is mandatory for Procurement Division staff members and recommended for other staff categories with functions and responsibilities related to procurement.

40. In July 2011 the Director of the Ethics Office additionally provided ethics presentations at the United Nations System Staff College in Turin and for the Department of Peacekeeping Operations/Department of Field Support Senior Mission Administration and Resource Training Programme for mid-level managers.

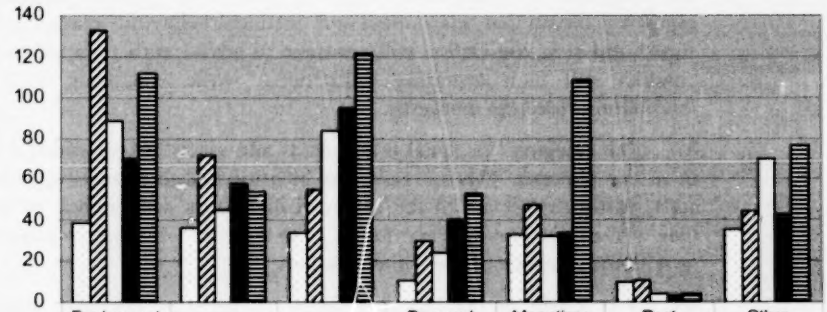
41. Promotion of an ethical culture is significantly furthered through the visible adherence by senior leadership to ethical values and behaviour in the workplace. The Ethics Office has developed a briefing package on ethics for all incoming senior managers at the Assistant Secretary-General and Under-Secretary-General levels. The briefing materials are tailored to their respective roles and responsibilities, addressing ethical considerations pertaining to, inter alia, response to reports of misconduct, avoiding conflicts of interest and ensuring transparency in recruitment practices and performance evaluations.

D. Advice and guidance

42. The Ethics Office views its advisory function as a key element in its efforts to protect and support the reputation and standing of the Organization. Pursuant to its advisory mandate, the Office provides confidential ethics advice and guidance to staff, management and departments/offices in order to ensure decision-making that is consistent with the values, principles and rules of the Organization. This function serves to prevent, mitigate and resolve actual or perceived conflicts of interest and in doing so enhances the integrity of the Organization and its staff.

43. Demonstrating the significance of its advisory function, 70 per cent of all requests for Ethics Office services during the reporting period pertained to ethics advice, as depicted in figure 2 above (volume of requests by category). During the period under review, the Office received 531 requests for advice on a wide range of ethics-related concerns, representing a 72 per cent increase in demand from the previous reporting period. As illustrated in figure 7 below, requests for advice are classified as follows: outside activities (23 per cent); allegations of misconduct (21 per cent); other conflicts of interest (15 per cent); personal investments and assets (10 per cent); employment-related concerns (21 per cent); gifts and hospitality (10 per cent); and post-employment restrictions (1 per cent).

Figure 7
Requests for ethics advice by cycle, August 2010-July 2011



	Employment related concerns	Gifts & Hospitality	Outside Activities	Personal Investments & Assets	Allegations of wrongdoing	Post Employment Restrictions	Other Conflict of Interest
Aug 2006 - July 2007	38	36	34	10	33	9	35
Aug 2007 - July 2008	133	72	55	30	48	10	44
Aug 2008 - July 2009	88	45	84	24	32	4	70
Aug 2009 - July 2010	70	58	95	40	34	3	42
Aug 2010 - July 2011	112	54	122	53	109	4	77

44. The increased demand for advisory services may again be attributed to the outreach activities undertaken by the Ethics Office in the course of the reporting period. During 2010-2011, the Office conducted nearly 54 ethics presentations, as compared to 8 during the 2009-2010 reporting period. These presentations were distinct from workshop training and related, inter alia, to the work of the Ethics Office, the new gift policy of the Organization, outside activities and ethics and accountability. These presentations were given to various United Nations offices, including specialized groups such as senior mission leadership and the Investment Management Division of the United Nations Joint Staff Pension Fund. The increased demand for the services of the Office attests to both the value that staff and managers attach to having a confidential mechanism through which to address their ethical concerns and to the quality of the advice given.

45. The ethics advice and guidance provided by the Ethics Office during the reporting period involved clarification or interpretation of the regulations, rules and standards of the Organization concerning prohibited or restricted activities and the application of an ethical decision-making framework to ethical dilemmas. Through inter-agency consultation and coordination with offices such as the Office of Legal Affairs, the Office of Human Resources Management and the Procurement Division, the Office has sought to ensure consistent approaches in relation to the interpretation and implementation of organizational standards.

46. Concerning the increase in requests for ethics advice in the 2010-2011 reporting cycle, the largest increase occurred under the category "allegations of misconduct", which experienced a significant rise from 34 to 109 allegations (a 220 per cent increase). While the Ethics Office is not mandated to receive reports of

misconduct, it advises on the standards of conduct of the Organization and directs staff to relevant reporting mechanisms. The increase in allegations of misconduct made to the Office nonetheless suggests that staff members are more cognizant of the standards of acceptable behaviour and have greater confidence in internal reporting. Given that misconduct and unethical behaviour place the Organization at significant risk, the Office will continue to advise staff on applicable standards of conduct and their reporting obligations, while enhancing staff awareness of retaliation protection measures.

47. The category "personal investments and assets" experienced a 33 per cent rise in advice requests. This increase may be attributed to a growing awareness amongst staff, partly as a result of the financial disclosure programme, of the potential for their private investments and holdings to conflict with their professional functions, or with the interests of the United Nations.

48. It is worth noting that the nearly 10 per cent decrease under the category "gifts, honours, favours" may be directly attributable to the new administrative instruction, ST/AI/2010/1 on reporting, retaining and disposing of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources, issued in January 2010. The issuance of this new policy created a mechanism for both staff and management to dispose of gifts in accordance with staff regulations and rules, and has subsequently reduced the number of requests for guidance made to the Ethics Office.

49. Significantly, the number of requests from peacekeeping missions for ethics advice and guidance has increased from 53 to 135, a rise of 155 per cent. This increase is directly related to the efforts undertaken by the Ethics Office during the reporting period to reach out to field missions. These visits have again greatly enhanced the ability of the Office to engage directly with staff members and to ensure greater awareness of its services.

50. As regards the trust placed in the Ethics Office by staff, during the reporting period the Office received 38 notification enquiries wherein further action on the part of the Office was not requested or required. These staff contacts with the Office were conducted solely for oversight purposes, such as copying the Office on official complaints of misconduct, or placing individual workplace issues on confidential record with the Office. Receipt and secure retention of this information by the Office has allowed staff members who do not wish to pursue either informal or formal actions to nonetheless voice their concerns with an independent and impartial body within the Organization.

51. In addition to the advice and guidance provided to Secretariat staff, during the reporting period the Ethics Office responded to enquiries from other United Nations entities on information sharing, best practices, policies and ethics advice and guidance. These included the United Nations University, the Office of the United Nations High Commissioner for Refugees (UNHCR), the Office of the United Nations High Commissioner for Human Rights, the World Food Programme (WFP), UNRWA, the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification, the World Intellectual Property Organization, the Universal Postal Union, the United Nations Development Programme (UNDP), the United Nations Office for Project Services (UNOPS), the Food and Agriculture Organization of the United Nations, UN-Women, the United Nations Children's Fund (UNICEF), the International Labour Organization, the

United Nations Educational, Scientific and Cultural Organization, the United Nations Joint Staff Pension Fund, the United Nations Research Institute for Social Development, the Joint United Nations Programme on HIV/AIDS, the Joint Inspection Unit, the International Monetary Fund and the World Bank.

E. Standard-setting and policy support

52. Developing ethical standards across the Organization remains a key function of the Ethics Office, as stipulated in bulletin ST/SGB/2005/22 on the establishment of the Office.

53. During the reporting period, the Ethics Office, along with the Office of Human Resources Management and the Office of Legal Affairs, participated in a review of the standards of conduct for the international civil service and suggested coverage of emerging and critical ethical challenges faced by the Organization and its personnel. In May 2011, the Office contributed to the deliberations of the Technical Working Group of the International Civil Service Commission as it conducted a preliminary review of the standards of conduct.

54. In pursuit of securing the highest standards and consistent application of ethics within the Organization, the Ethics Office worked closely with the United Nations Ethics Committee, the Office of Human Resources Management and the Office of Legal Affairs in issuing a common guidance note on political activity to United Nations staff. This collaboration addressed the scope of permitted political activities on the part of staff in light of their obligations as international civil servants.

55. The Ethics Office also collaborated during the reporting period with the Office of Human Resources Management in the preparation of the report of the Secretary-General on personal conflicts of interest, as requested by General Assembly resolution 65/247. The Office provided practical analysis and assessment of personal conflicts of interest that may arise in the performance of official duties and responsibilities by staff members.

56. During the reporting period, the Ethics Office assisted the Investment Management Service of the United Nations Joint Staff Pension Fund in the updating of their gift and hospitality policy in accordance with United Nations and industry standards. The Office additionally advised UNHCR on harmonizing their internal gift policy with administrative instruction ST/AI/2010/1.

57. In 2011, the Ethics Office briefed a conference of Chief Procurement Officers of the United Nations Secretariat on ethical and reputational risks and challenges pertaining to procurement activities. The interactive discussion was valued by the Procurement Division as a means to enhance understanding of applicable ethical standards within their field of work.

58. The Ethics Office additionally provided, on a case-by-case basis, independent advice to the Procurement Division on issues related to the ethics, anti-corruption and compliance programmes of vendors seeking reinstatement as United Nations vendors. The Office provided independent advice to the Procurement Division on the suitability of external ethics and compliance experts proposed by vendors, who would verify that the vendor had implemented ethics, anti-corruption and compliance programmes that satisfied United Nations conditions for reinstatement. The Office responded to requests for advice from the Procurement Division on

potential ethical issues relating to reputation risks arising in connection with potential conflicts of interest.

59. The Ethics Office continued to provide functional leadership to the United Nations Ethics Committee through the role of its Director as the Chair of the Committee. The work of the Ethics Committee is addressed below in section IV of the present report.

IV. United Nations Ethics Committee and Ethics Network

60. The United Nations Ethics Committee was established by the Secretary-General in bulletin ST/SGB/2007/11, which entered into force on 1 December 2007. The Committee is mandated to establish a unified set of ethical standards and policies of the United Nations Secretariat and of the separately administered organs and programmes, and to consult on certain important and particularly complex cases and issues having United Nations system-wide implications.

61. The membership of the United Nations Ethics Committee is comprised of the heads of the Ethics Offices of the separately administered organs and programmes of the United Nations and the Ethics Office of the United Nations Secretariat. As of 31 July 2011, the Committee consisted of the following members: the Ethics Office of the United Nations Secretariat, UNDP, UNICEF, the United Nations Population Fund, UNOPS, WFP, UNRWA and UNHCR. UN-Women has requested the Ethics Office to provide ethics services, in accordance with section 2.2 of bulletin ST/SGB/2007/11, until an ethics office is established within that entity.

62. The Director of the Ethics Office of the United Nations chairs and provides leadership to the Committee to promote capacity-building and ensure adherence to consistent methodology in the delivery of ethics-related services.

63. During the period from 1 August 2010 to 31 July 2011, the Committee held eight sessions. The key priorities of the Committee are to enhance a coherent application of ethics standards and practices among member organizations and to address emerging ethics challenges facing the Organization.

64. In an effort to harmonize policies in relation to financial disclosure, the Ethics Committee conducted a survey of internal financial disclosure policies and programme practices. The Committee conducted an assessment of risk profiles within member organizations. The Committee further developed a comparative review of successful practices with regard to external financial disclosure programmes in different countries and international institutions.

65. As referenced in paragraphs 53 and 54 above, Ethics Committee members developed a common approach and guidance note on political activity applicable to United Nations personnel, including those working in the Secretariat, funds and programmes and field missions. The Committee also examined emerging ethical challenges for consideration in relation to the review of the standards of conduct for the international civil service.

66. During the reporting period, two individuals from a separately administered programme referred decisions concerning their allegations of retaliation for reporting misconduct to the Chair of the Committee for review, pursuant to section

4.3 of bulletin ST/SGB/2007/11. Following consultations with the members of the Committee, the Chair upheld the final determinations for both cases.

67. As mandated by the Secretary-General in bulletin ST/SGB/2007/11, the Ethics Committee undertook a review of the annual reports of the ethics offices of the Secretariat and the separately administered organs and programmes and made recommendations as appropriate. The Committee additionally initiated discussions on establishing a common framework and coherent approach to the annual reporting of member ethics offices.

Ethics Network for multilateral organizations

68. In support of the Secretary-General's consistent promotion of system-wide collaboration on ethics-related issues within the United Nations family, the Ethics Network was established on 21 June 2010. Members of the Network include ethics officers and related professionals from the United Nations Secretariat, United Nations funds, programmes and specialized agencies, international financial institutions and other entities. Having held three meetings since its establishment, two of which occurred during the reporting period, the Network has focused its collaborative efforts on the development of a compendium of practices in relation to the functions of an ethics office and on the exchange of experience and materials in the areas of surveys, ethics training, financial disclosure and ethics advisory services. The Director of the United Nations Ethics Office served as the Co-chair of the Network during its first year of operation.

V. Proposed future arrangements for the financial disclosure programme

69. As noted in paragraph 12 above, while the Ethics Office administers the Secretariat financial disclosure programme pursuant to General Assembly resolution 60/254, the review of financial disclosure statements is outsourced to an external party. Administration of the programme application system (information technology platform) is also outsourced to a vendor, with additional technical support provided by the Office of Information and Communication Technology.

70. During the course of 2009-2010, an analysis of the financial disclosure programme was conducted both within the United Nations and via a commissioned third-party study. While the external study identified a range of technical alternatives for programme sustainability, it was not designed to make recommendations as to which option should be selected. The Secretary-General subsequently convened a high-level advisory group in September 2010 consisting of senior personnel from various offices/departments within the Secretariat to provide advice and guidance on the approach to reviewing alternative arrangements for the programme.

71. The advisory group reviewed the current arrangements for the programme, the alternatives presented in the external study, the practical experience of the Ethics Office in administering the programme since 2006, the experience of United Nations funds and programmes in running their own financial disclosure programmes and

other possible alternatives. The relative advantages and disadvantages of each alternative and the estimated costs to the Organization were also considered.

72. In its review, the advisory group addressed how financial disclosure statements are reviewed (the review function) and the application system upon which the programme rests (the information technology platform). With regard to the review function, the following three alternative approaches were identified: an external review, an internal review and a hybrid review. Concerning the information technology platform, the following three possible arrangements were identified: create a new platform, enhance the present platform with medium-level upgrades or maintain the present platform with minimum-level upgrades.

A. Review function

73. The review function of the financial disclosure programme involves the review of all required financial disclosure areas (e.g. assets, profits, stocks and options, external income earned, direct or indirect supplements, liabilities and outside activities) in order to determine if an actual or potential conflict of interest exists in relation to the performance of a staff member's official duties and functions. The respective advantages and disadvantages of the individual review function alternatives are summarized as follows.

74. Under the external review option, review of financial disclosure statements is conducted by an external reviewer, as in the current outsourcing arrangement. Upon identification of a potential conflict of interest, the external reviewer provides advice to the staff member filing the statement to mitigate and manage the conflict of interest, while seeking regular guidance and feedback from the Ethics Office. This option benefits from the incorporation of industry best practices, knowledge of complex financial arrangements and ability to mobilize seasonal staffing during peak filing periods by the external reviewers. It also allows for staff members' disclosed information to be reviewed by an entity outside the United Nations, which further bolsters the protection of the confidentiality of such information. However, this option suffers from the lack of familiarity of the external reviewer with United Nations Staff Regulations and Rules and the operating environment. In addition, the reliance of the Organization on an external review service does not facilitate long-term institutional capacity-building.

75. Under the internal review option, the Ethics Office would conduct the entire review of all disclosed information in-house. This option would benefit from the internal, in-depth knowledge of the United Nations operational and regulatory environment that the Office possesses and its ability to fully understand and detect potential conflicts of interest in the context of the official duties of a staff member filing a statement and the legislative framework of the Organization. An internal review would further add value to institutional capacity-building for risk management. Ethics Office reviewers may not, however, possess the expertise to analyse complex financial or investment matters. Further, this option raises the concern that staff members of the Ethics Office would have access to their colleagues' confidential financial information. Should the confidentiality of the disclosed information be compromised, aggrieved staff members may seek potential recourse to the internal justice system of the Organization, thus exposing it to incurring additional costs in addressing such claims.

76. Under the hybrid review option, the review function would be jointly carried out by both external and internal reviewers. While the external reviewer would focus on financial information disclosed by a staff member filing a statement, the internal reviewer would review outside activities, affiliations and interests that had been disclosed. In terms of advantages, expertise in financial matters and United Nations organizational knowledge on the parts of the external and internal reviewers respectively would be combined into one system. This option, however, has the potential for an internal reviewer to see a staff member's private information, raising confidentiality concerns, which may expose the Organization to the additional costs associated with staff members seeking recourse to the internal justice system if the confidentiality of the disclosed information is compromised.

B. The information technology platform

77. As the information technology platform of the financial disclosure programme is the medium relied upon by staff members filing statements to transmit confidential and private information, any breach in the system would result in a loss of confidence by users, exposure to litigation by those filing statements and risk the continuation of the programme. The security features of the platform are therefore vital to ensure the trust and confidence of those filing statements.

78. Although the security, reliability and confidentiality of the financial disclosure programme data is critical to its success, numerous concerns and challenges relating to the current information technology platform were identified by the advisory group. These include, inter alia, limited system capacity, long-term stability and data security. While the current platform was originally designed to handle information from approximately 1,700 staff members filing statements, this number has increased dramatically from 1,704 in 2006 to 4,065 in 2010. With the expanding population of staff members filing statements, the platform has experienced increased technical problems and outages. While the current platform has been periodically enhanced, its reliance on older technology raises concerns about its long-term stability and viability.

79. As the current information technology platform was designed for a single reviewer process (such as the internal or external options), it does not possess the capacity to support a hybrid review arrangement, which would require simultaneous review streams. Similarly, the current platform does not provide adequate support for tracking review audits and monitoring compliance, which are key components of financial disclosure programme activities. In addition, the current platform does not allow the Ethics Office to monitor the overall financial disclosure review process, or provide an effective reporting mechanism for use by the Office. The advisory group confirmed that the platform should continue to be outsourced to an external system administrator (vendor) in response to concerns raised by Member States and staff regarding the preservation of data confidentiality and security. Accordingly, it identified three options to address the challenges facing the current information technology platform as summarized below.

80. As a first option, a new information technology platform would offer the opportunity to leverage newer technologies in order to better perform administrative functions and to respond to greater capacity requirements. A new platform would also offer greater assurance in terms of data security, reliability and flexibility. This

option would, however, entail higher costs for the Organization due to initial development costs.

81. While the options of minimum and medium-level upgrades to the current information technology platform would enhance its performance and stability for the short- and medium-term respectively, long-term concerns such as system stability and viability would remain, particularly in view of the expanding population of staff members filing statements.

82. In its report the advisory group noted that the cost of developing a new system that ensures long-term viability and robust data security would initially be higher than upgrading the current information technology platform, due to initial development costs. However, it also noted that the consequences of a potential breakdown of the existing system could entail far greater costs.

83. Following the thorough review and assessment by the advisory group of proposed future arrangements for the financial disclosure programme in relation to both the review function and the information technology platform, the external review option and the creation of a new platform are recommended to the General Assembly. The external review option is considered the most effective for managing conflicts of interest, while ensuring the confidentiality of information disclosed. A new information technology platform will enhance programme effectiveness and capacity while ensuring robust data protection.

VI. Resource requirements for a new information technology platform

84. For the reasons set out in paragraphs 77 to 83 above, the Secretary-General recommends that the General Assembly consider a new information technology platform for the financial disclosure programme. The total resource requirement for such a system amounts to $597,400, which would provide for the design, development, integration and implementation of the platform.[2] Of this resource requirement, one third, or approximately $199,100, would be met from funds received in reimbursement for services provided to various funds and programmes. The Secretary-General recommends that the remaining required resources in the amount of $398,300 be considered in the context of the proposed programme budget for the biennium 2012-2013 as additional requirements besides those requested in the proposed programme budget for the biennium 2012-2013 (A/66/6).

VII. Conclusions and recommendations

85. Noting significant developments in all of its mandated areas of responsibility, the Ethics Office continues to strengthen its role in facilitating a culture of ethics, integrity, accountability and trust within the United Nations. Central to this has been the increased consultative dialogue the Office has held with both staff and management. Through its outreach activities, the Office has widened engagement on

[2] The project team would consist of a project manager working for 11 weeks, a business analyst working for 19 weeks, a senior programmer working for 27 weeks and a junior programmer working for 21 weeks.

issues pertaining to ethical norms and conduct, as evidenced by the significant increase in requests for its advisory services.

86. The Ethics Office continues to increase awareness of its ethics services via broadened outreach initiatives in pursuit of preventing, mitigating and managing ethical and reputational risk within the Organization. The Office will continue its efforts to promote ethical decision-making through both strengthening and increasing the number of ethics-related training programmes provided to staff and management, and will seek to promote confidence in the policy of protection against retaliation of the Organization through awareness-raising and the continued timely provision of quality complaint reviews. Through the Ethics Committee and through advisory support provided to senior organizational management, the Office will continue to provide functional leadership on ethics throughout the United Nations system in order to promote coherence and greater system-wide efficiency.

87. **To ensure the long-term performance and stability of the United Nations financial disclosure programme, the Secretary-General recommends that the existing external review arrangement for the financial disclosure programme be maintained. The current arrangement is considered effective in managing conflicts of interest, while further bolstering protection of the confidentiality of the information disclosed and keeping programme costs under control. The Secretary-General also recommends the creation of a new information technology platform for the programme to allow for the leveraging of newer technologies, thereby enhancing system capacity and programme performance and ensuring robust data security protection.**

88. **The General Assembly is requested to approve the recommendations set out above and to appropriate an amount of $398,300 under section 1, Overall policy-making, direction and coordination.**

Annex

2010 Financial disclosure programme compliance level

United Nations entity	*Required filers*	*Completed filings*	*Non-compliant(s)*
United Nations Secretariat			
United Nations Chief Executives Board for Coordination	2	2	0
Counter-Terrorism Committee Executive Directorate	3	3	0
Department for General Assembly and Conference Management	28	28	0
Department of Economic and Social Affairs	60	60	0
Department of Management	231	230	1
Department of Political Affairs, including special political missions	216	211	5
Department of Public Information	27	27	0
Department of Safety and Security	9	9	0
Economic and Social Commission for Asia and the Pacific	44	43	1
Economic and Social Commission for Western Asia	23	22	1
Economic Commission for Africa	92	91	1
Economic Commission for Europe	10	10	0
Economic Commission for Latin America and the Caribbean	45	45	0
Ethics Office	11	11	0
Executive Office of the Secretary-General	17	17	0
Office for Disarmament Affairs	8	8	0
Office for the Coordination of Humanitarian Affairs	18	17	1
Office of Administration of Justice	2	2	0
Office of Information and Communications Technology	17	17	0
Office of Internal Oversight Services	15	15	0
Office of Legal Affairs	21	21	0
Office of the Special Representative of the Secretary-General for Children and Armed Conflict	1	1	0
Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict	1	1	0
Office of the United Nations High Commissioner for Human Rights	19	19	0
Office of the Ombudsman and Mediation Services	2	2	0
Office of the President of the General Assembly	4	2	2
Office of the Special Adviser on Africa	3	3	0
Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	3	3	0
Peacebuilding Support Office	5	5	0

United Nations entity	*Required filers*	*Completed filings*	*Non-compliant(s)*
Regional commissions New York office	1	1	0
United Nations Joint Staff Pension Fund	58	58	0
United Nations Office at Geneva	84	84	0
United Nations Office at Nairobi	35	35	0
United Nations Office at Vienna	24	24	0
United Nations Office on Drugs and Crime	88	88	0
Research and training institutes	10	10	0
International tribunals and verification commissions	123	122	1
Subtotal (excluding peacekeeping operations)	1 360	1 347	13
Peacekeeping operations	1 614	1 605	9
United Nations bodies/agencies and others	1 091	1 079	12
Total	**4 065**	**4 031**	**34**

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General Assembly

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Sixty-sixth session
Items 134 and 139 of the provisional agenda*

Proposed programme budget for the biennium 2012-2013

Human resources management

Activities of the Ethics Office

Report of the Secretary-General

Corrigendum

Paragraph 27

For management evaluation unit *read* Management Evaluation Unit in the Office of the Under-Secretary-General for Management

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Sixty-sixth session
Item 26 of the provisional agenda*
Towards global partnerships

Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector

Report of the Secretary-General

Summary

Strategic engagement between the United Nations and the private sector is evolving. From economic growth to food security, from environmental protection to global health issues, these issues overlap. There is a convergence which provides opportunities for new forms of United Nations-business cooperation for achieving development goals in an integrated and sustainable manner. The past few years have seen significant progress in bringing the voice of the private sector into the work of the Organization and in developing innovative forms of collaboration that build upon key lessons learned. In prior resolutions, most recently in resolution 64/223, the General Assembly has made a number of recommendations for ensuring more effective and transparent partnerships and for overcoming key operational challenges while also protecting the integrity and reputation of the United Nations. The recommendations have contributed to the development of more mature and more strategic collaborations which put a premium on larger scale and impact. In order to ensure that the United Nations is at the forefront of efforts to more effectively

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leverage the contributions of the private sector in achieving development objectives, a more strategic and harmonized approach is needed. Efforts are also needed to: further strengthen the enabling environment for partnerships; identify and replicate successful partnership models for achieving impact and scale; improve partner selection and engagement processes as well as capacity-building and training of United Nations staff; share best practices and lessons learned; and educate United Nations staff on the benefits of evaluation and impact assessment. The United Nations-business relationship must be carefully fostered. Appropriate attention is required to ensure that recommendations are implemented in alignment with the values of the United Nations and its Member States and strengthen the ability of the Organization to collaborate effectively with the private sector towards achieving United Nations goals.

Contents

		Page
I.	Introduction	4
II.	The concept of partnerships	5
III.	Member States and partnerships	8
IV.	Developments at the system level	8
V.	Trends at the level of agencies, funds and programmes	10
	A. Developing the concept of "transformational" partnerships	10
	B. Exploring innovative financing models	11
	C. Utilizing inclusive bottom-up approaches	12
	D. Harnessing the strengths and potential of women	12
	E. Improving the humanitarian response	13
VI.	Addressing key operational challenges	14
	A. Strengthening the enabling environment for partnerships	14
	B. Exploring new partnership models for achieving impact and scale	16
	C. Improving capacity-building at all levels and training of United Nations staff	17
	D. Improving the partner selection and engagement processes	18
	E. Sharing best practices and lessons learned	20
	F. Evaluation and impact assessment	20
VII.	Recommendations	21
VIII.	Conclusion	23

Boxes

1.	Core business and value chain partnerships	5
2.	Strategic social investment and philanthropy partnerships	6
3.	Advocacy and public policy engagement partnerships	7
4.	The Private Sector Track of the United Nations Conference on the Least Developed Countries	9
5.	Example of a transformational partnership	11
6.	Example of an innovative funding model	12
7.	Partnerships promoting and leveraging the skills of women	13
8.	Examples of humanitarian partnership	13
9.	International Strategy for Disaster Reduction Private Sector Advisory Group	15
10.	Examples of new partnership models for achieving impact and scale	16
11.	Staff exchange programmes between the United Nations and the private sector	18
12.	United Nations Global Initiative to Fight Human Trafficking	19

I. Introduction

1. The present report is submitted in compliance with General Assembly resolution 64/223, in which the Assembly requested the Secretary-General to submit a report at its sixty-sixth session on the implementation of the proposed modalities for enhanced cooperation between the United Nations and all relevant partners, in particular the private sector.

2. Five previous reports of the Secretary-General have dealt with cooperation between the United Nations and relevant partners (A/56/323, A/58/227, A/60/214, A/62/341 and A/64/337). The present report builds on those reports and provides an overview of recent developments with regard to the ways the United Nations works with the private sector, illustrating accomplishments as well as lingering challenges.[1]

3. The relationship between the United Nations and the private sector continues to evolve. Whereas a decade ago the "learning by doing" collaborative process was still in its germination phase, we now see a phase of maturation where partnerships are an increasingly acknowledged tool for United Nations entities to achieve development goals, particularly the Millennium Development Goals. This maturation has been a driver for more strategic approaches which emphasize new partnership models, results, a greater acceptance of the business case for partnerships and an increasing concentration of partnerships in areas where there is value in collaboration for both the United Nations and its business partners.

4. At the same time, companies in developed and emerging economies are increasingly integrating social innovation and sustainability into their core business strategies and their supply chains. Thus, the interests of the United Nations and business increasingly overlap, putting a premium on cooperation for providing public goods while promoting market stability and growth. Systemic issues such as economic growth, environmental challenges, global health, food security and access to energy require multisector, multi-stakeholder approaches in order to be solved in an integrated and lasting manner.

5. The United Nations is uniquely positioned to act as an agent of change for encouraging companies to build on ad hoc corporate social responsibility towards more strategic participation in solving global challenges. The convergence of interests between the public and the private sector has provided an opportunity for exploring innovative models for collaboration and for achieving impact and scale. The result of this convergence has led to a number of new developments, which include:

- Together with a number of private sector leaders, the United Nations is exploring the concept of "transformational partnerships", multi-stakeholder collaborations which create impact at a systemic level across sectors and geographies.

[1] The present report draws on several sources: a formal consultation of Governments; an online survey of 23 United Nations agencies, funds and programmes; in-depth interviews with staff members across the entire United Nations system (20); United Nations-private sector focal points meetings; case studies; and a thorough review of the relevant academic literature on the subject.

- Innovative financing models such as cause-related marketing and social media are providing new opportunities for scaling up fund-raising and advocacy activities.
- Partnerships are increasingly utilizing the skills and potential of women, recognizing that empowering women is a driver of sustainable development.
- In the wake of catastrophic natural disasters such as the 2010 earthquake in Haiti, new partnership models are being tested in order to improve disaster preparedness and response.

6. Nevertheless, a number of challenges remain which require attention. In addition to ongoing operational challenges, the United Nations must ensure that its reputation and credibility are protected as the private sector contributes more deeply to the work of the Organization.

II. The concept of partnerships

7. Partnerships are voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task, and to share risks, responsibilities, resources and benefits.

8. In *core business and value chain partnerships*, the United Nations mobilizes the innovative technologies, processes, financing mechanisms, products, services and skills of the private sector to create wealth and employment, as well as develop and deliver affordable goods and services. That may also include jointly supporting the development of integrated value chains in market sectors with potential for sustainable growth and a transition to better remunerated forms of employment. Such partnerships may also aim to increase access to goods and services that contribute to reducing poverty (i.e., base of the pyramid investment opportunities).

Box 1
Core business and value chain partnerships

Vegetable Oil Development Project in Uganda

The Vegetable Oil Development Project, funded by the International Fund for Agricultural Development (IFAD), was conceived in the mid-1990s to address the low per capita intake of vegetable oils and reduce Uganda's heavy reliance on imported vegetable oils by promoting domestic production. The project pursued a two-pronged strategy with the introduction of oil palm and the development of traditional oilseeds. This partnership has leveraged foreign direct investment (greater than US$ 120 million) to produce an essential food commodity domestically, while creating factory and plantation jobs for about 3,000 smallholder producers. The mutual dependency between the palm oil mill and the participating smallholders constitutes the basis of this intervention, providing a secure market for producers and guaranteeing a supply of raw material for primary processing to the palm oil mill.

Ethical Fashion Programme

The Ethical Fashion Programme of the International Trade Centre (ITC) in Kenya helps small and medium-sized businesses in the fashion sector to export their products. The Programme connects some of the world's most marginalized people with the top of fashion's value chain for mutual benefit. It enables communities of artisans and micromanufacturers — the majority of them women — to thrive in association with the fashion industry. This develops local creativity, fosters predominantly female employment, reduces poverty and promotes gender equality. More than 7,000 people who live in conditions of extreme poverty have gained employment through the Programme.

9. In *strategic social investment and philanthropy partnerships*, the United Nations mobilizes private sector resources for public goals. That may include financial support, social venture funds, in kind/pro bono goods and services, and corporate volunteers as well as technical expertise and support.

Box 2

Strategic social investment and philanthropy partnerships

New Software for Improved Communication

A global software company has entered into a partnership with the United Nations High Commissioner for Refugees (UNHCR) to improve the quality of life for UNHCR staff working in conditions of extreme hardship and isolation. New software allows humanitarian workers around the world to communicate with families and friends, even in the most remote parts of the world, at low cost. Subsequent phases of the project will also develop communication booths to be placed in refugee camps, enabling refugees to reach family and friends across borders and facilitate protection operations, repatriation, resettlement and family reunification.

The LIFE Partnership

The core of the partnership between the United Nations Industrial Development Organization (UNIDO) and a global technology company is the Learning Initiative for Entrepreneurs (LIFE), a new entrepreneurship and information technology (IT) training programme. The LIFE curriculum teaches entrepreneurs hands-on business and IT solutions in the areas of marketing, operations, communication and finance for various stages of entrepreneurship. It is made available through local non-profit training partner organizations in Africa, Asia, Latin America and the Middle East. To date, the partnership has set up 93 LIFE centres in 13 countries, certified 270 trainers, trained more than 42,000 students and created over 17,000 jobs.

10. In *advocacy and public policy engagement partnerships*, the United Nations engages the private sector to advocate for issues in support of the United Nations goals among the general public, policymakers or business. Partnerships can be used to bridge governance gaps or market failures, engage in public policy dialogue, support effective regulations, strengthen public institutions and administrative capacity, and support reforms at the local, national and global levels.

Box 3
Advocacy and public policy engagement partnerships

HIV Activist Campaign

The Joint United Nations Programme on HIV/AIDS (UNAIDS) and an international cosmetics company have launched a three-year campaign calling for increased activism against HIV in hopes of raising awareness of the issues surrounding HIV. The global campaign, called "Be an activist", appeared in the company's stores around World AIDS Day in 2010. The campaign urges people to take personal responsibility and lead the way in the fight against HIV. In addition, celebrities lend their images in support of the campaign.

Better Work Programme

Better Work is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC) aiming to improve both compliance with labour standards and competitiveness in global supply chains. Better Work involves the development of global tools and country-level projects, with a focus on scalable and sustainable solutions that build cooperation between Governments, employers' and workers' organizations, and international buyers. The Programme also supports enterprises in implementing the ILO core international labour standards and national labour law. Moreover, the Better Work Buyers' Forum provides a way for international buyers to coordinate input to Better Work and acts as an incubator for new ideas on responsible supply chain management.

11. United Nations agencies, funds and programmes are increasingly taking a diversified approach towards achieving larger scale and impact, including through top-down, global multi-stakeholder partnership models and bottom-up, market-based collaborations at the country level.

12. Additionally, efforts to advance the United Nations-private sector partnership agenda are also being undertaken by the United Nations Office for Partnerships (UNOP) and the United Nations Fund for International Partnerships (UNFIP). For further information, see the Secretary-General's report to the General Assembly on the work of UNOP (A/66/188).

III. Member States and partnerships

13. States Members of the United Nations play an essential role in promoting responsible business practices in their respective territories and worldwide, while also providing support to United Nations efforts to engage with the private sector. Together with Member States, the United Nations facilitates the creation of an enabling business environment for the private sector, for example, the rule of law, good governance, accountability, transparency and respect for human rights.

14. Member States widely share the view that private sector development is essential for promoting sustainable and broad-based growth in developing countries. While official development assistance remains of importance for achieving development goals, development cooperation must attract broad-based participation from partner countries, businesses and private sector organizations and private foundations.

IV. Developments at the system level

15. The United Nations has taken a number of important steps at the summit and General Assembly level for more actively involving the private sector in the work of the Organization. The Fourth United Nations Conference on the Least Developed Countries, held in May 2011, saw a major innovation with the introduction of the Private Sector Track, a platform for including senior business representatives in discussions on promoting sustainable development.

16. Owing to its success, a number of Member States, including Brazil, Costa Rica, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America, have called for a private sector track at the 2012 United Nations Conference on Sustainable Development (Rio+20).

17. The annual United Nations Private Sector Forum, a high-level event organized by the United Nations Global Compact includes over 350 Heads of State and Government, heads of United Nations agencies, chief executive officers and heads of civil society organizations. The aim is to identify effective ways to accelerate progress towards reaching the Millennium Development Goals, to stimulate action towards that target and to highlight ways in which Governments can facilitate further business engagement for development. Moreover, the triennial Global Compact Leaders Summit brings together leaders from all sectors to promote responsible business and investment needed to move towards more sustainable and inclusive markets.

Box 4

The Private Sector Track of the United Nations Conference on the Least Developed Countries

Organized by a private sector steering committee, led by the Global Compact in coordination with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the Private Sector Track of the Fourth United Nations Conference on the Least Developed Countries convened more than 500 chief executives and senior business representatives with leaders from Government, civil society and the United Nations to elevate the role of private sector investment in the sustainable development of the least developed countries. The Private Sector Track marked an important milestone for the United Nations, as it was the first time that the private sector was fully integrated into the programme of a major United Nations conference, allowing for direct deliberations between the public and private sectors. The Private Sector Track offers a model for engaging businesses during future United Nations conferences, including the United Nations Conference on Sustainable Development (Rio+20).

18. At the level of the Secretariat, the Global Compact has pushed forward a number of initiatives aimed at improving the enabling environment for creating new partnerships with the private sector. According to survey respondents, the annual United Nations system private sector focal points meetings represent the most important tool for sharing best practices and lessons learned across the system, with over 75 per cent of respondents rating the meetings as useful or very useful. In 2010 and 2011, the meetings each convened over 100 participants, including representatives from the private sector, to discuss a wide range of issues, including managing the reputation and credibility of the United Nations, establishing coherent due diligence processes and improving evaluation and impact assessment.

19. The UN-Business Focal Point e-newsletter, published quarterly by the Global Compact Office, is designed to further enhance communication and collaboration among United Nations staff working with business. Content in the newsletter provides information on new partnership initiatives and key themes in public-private partnerships and presents tools for enhancing the ability of the United Nations to partner with businesses. Among survey respondents, over 50 per cent rate the newsletter as useful or very useful for sharing lessons learned and best practices across the United Nations system.

20. Launched in January 2010, the new United Nations-business website (business.un.org) was designed to facilitate collaboration between the United Nations and the private sector. The site provides information on past and existing partnerships and a matching function designed to better link the needs of the United Nations with the resources of businesses.

21. Together with a number of interested United Nations agencies, funds and programmes, the Global Compact launched a process for making more widely available across the United Nations system a service and other tools to aid in conducting due diligence of potential corporate partners. This process is the result of

numerous consultations with United Nations staff, who emphasized the need for a more harmonized and thorough approach for screening potential private sector partners.

22. In addition, the Global Compact, together with representatives from a number of United Nations entities, the private sector and other experts, has launched the Blueprint for Corporate Sustainability Leadership, which challenges companies to achieve higher levels of sustainability performance within the Global Compact. In addition, Global Compact LEAD is a group of 56 companies which support Global Compact participants in their efforts to achieve higher levels of corporate sustainability performance. The Global Compact LEAD Working Group is also developing a framework for identifying and optimizing partnerships and to help them to become transformational partnerships which leverage the core competencies of all relevant stakeholders to catalyse a wide-scale, lasting impact on systemic challenges.

23. Moreover, through issue-specific leadership, the Global Compact has helped to create the enabling conditions needed for making progress on the Millennium Development Goals. The Children's Rights and Business Principles, developed together with the United Nations Children's Fund (UNICEF) and another international children's rights organization, are a set of principles offering guidance on what businesses can do to support children's rights. In addition, the Women's Empowerment Principles offer guidance on how to empower women in the workplace, marketplace and community.

V. Trends at the level of agencies, funds and programmes

24. Among many partnership practitioners, there is a feeling that "the time is now" for utilizing the momentum of a renewed appetite for partnerships to develop new models of collaboration, with an overwhelming majority of the survey respondents believing that the importance of partnerships with the private sector is likely to grow. The United Nations and business leaders are driving a new set of trends which put a premium on effective partnership models for achieving impact and scale, and thus are reshaping the way the United Nations implements partnerships with the private sector.

A. Developing the concept of "transformational" partnerships

25. As recognition grows that problems such as environmental degradation, food security and global health must be addressed through cooperative strategies, multi-stakeholder partnerships which leverage the strengths of all key sectors represent a positive evolution in the way the United Nations works with the private sector and other actors.

26. The Global Compact LEAD Working Group has been developing the concept of transformational partnerships. These are defined as innovative models which include the appropriate set of stakeholders from all relevant sectors and utilize the core competencies of each partner to catalyse wide-scale changes in behaviour, achieving greater scale and impact because the benefits accrue broadly, not just to

participants in the partnership. The Group also provides guidance on critical success factors for advancing transformational partnerships.

27. The added value of transformational partnerships is that they aim to create a lasting impact on crucial systemic development issues. For example, transformational partnerships can build the market for a product or service crucial to development or change rules and systems to create a new playing field.

Box 5
Example of a transformational partnership

Project Laser Beam

Project Laser Beam is a partnership led by the World Food Programme (WFP) that seeks to eradicate child malnutrition, with an initial focus on Bangladesh and Indonesia. It brings together the expertise of United Nations agencies with that of Fortune 500 companies, and others in the private sector, to work with local governments and companies on projects focused on food and hygiene. At the end of the five-year pilot phase, the project's model will be replicated in other countries where malnutrition is prevalent. By creating a new model for public-private partnerships that is scalable, replicable and sustainable for use in other countries around the world, Project Laser Beam is serving as an ongoing pilot for determining the conditions needed for achieving "transformational" outcomes.

B. Exploring innovative financing models

28. Agencies, funds and programmes are designing new strategic approaches for scaling up fund-raising activities by exploring innovative forms of financing. "Microfund-raising" initiatives, or public fund-raising campaigns which engage a wide base of donors, are being led by UNICEF and WFP with models such as cause-related marketing and social media platforms. In cause-related marketing, United Nations entities work with a private sector partner to raise funds and awareness for a cause, while the business partner builds its sales and brand. In the most common model, the business partner's donation to the cause is linked, and often proportional, to the volume of products or services sold under the cause-related marketing campaign. The United Nations agency is shown as beneficiary of the activity by adding its name or logo to the business partner's product or service, packaging or promotional material, subject to the regulations, rules and policies of the United Nations agency concerned. In other models, the United Nations works with a business partner to raise funds from customers and employees.

Box 6
Example of an innovative funding model

WeFeedback: A New Social Media Fund-raising Platform

With the help of an advertising agency, the World Food Programme has developed a new social media platform called "WeFeedback" to raise funds to feed hungry children around the world. Users can choose their favourite food, put it into the Feedback Calculator along with the estimated cost, and then calculate how many hungry children that would feed. The next step is to donate exactly that amount, or donate multiples of that amount, to "feedback" more portions of the food. A month after its launch in April 2011, WeFeedback had raised enough money to provide meals to about 200,000 schoolchildren. WFP celebrity partners have joined in to "feedback" their favourite foods and companies have engaged their employees to participate.

C. Utilizing inclusive bottom-up approaches

29. In addition to improving the conditions for achieving impact and scale of partnerships at the global level, the United Nations is increasingly recognizing the power of bottom-up approaches to development. The race is on to develop new partnership models which focus on local business solutions and sustainable market development in low-income countries. These initiatives can promote entrepreneurship and create jobs for local populations while also integrating new producers into global supply chains — a key issue linking the interests of global companies with those of local producers. Furthermore, the development of a stronger private sector in low-income countries becomes a greater partner and multiplier for development.

30. United Nations Resident Coordinators and Global Compact Local Networks have supported both the coordination of regional partnerships and the application of global partnerships locally. For example, the United Nations Development Programme (UNDP) facilitates the development of value chains and inclusive business approaches at the country level, including through its Inclusive Market Development approach and initiatives such as the Green Commodities Facility, the Growing Inclusive Markets initiative and the Business Call to Action.

D. Harnessing the strengths and potential of women

31. The United Nations recognizes the crucial role women play in achieving development goals. Partnership models include skills and entrepreneurship training for women, promoting access to global supply chains as well as large multi-stakeholder initiatives for advocating for women's rights.

Box 7

Partnerships promoting and leveraging the skills of women

Women's Empowerment Principles

The Women's Empowerment Principles are a set of principles for business offering guidance on empowering women in the workplace, marketplace and community. The Principles, a collaboration between the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the Global Compact, emphasize the business case for corporate action to promote gender equality and women's empowerment and are informed by business practices and input gathered from across the globe. As well as being a useful guide for the private sector, the Principles, it is hoped, will inform other stakeholders, including Governments, in their engagement with business.

Pro-Poor Hibiscus Value Chain Partnership

In an effort to improve the livelihoods of at least 5,000 vulnerable women and girls who receive income from hibiscus farming and processing, UNDP Sudan has launched the Hibiscus Value Chain initiative for women's empowerment in partnership with farmers' groups, local wholesalers and international importers. Female hibiscus farmers are trained in business and financial skills, production methods and improved varieties, international standards, processing, packaging and storage of hibiscus. The creation of this partnership was facilitated by the website business.un.org.

E. Improving the humanitarian response

32. The private sector has played a role in humanitarian action for many years. Given the severity of ongoing humanitarian crises and a dramatic increase in the number of natural disasters, private sector support for humanitarian operations has surged, creating momentum for developing innovative collaborations. This engagement ranges from financial assistance to in-kind donations, for example, through the use of the core competencies of the private sector in areas such as transport, logistics, information technology and telecommunication, which are crucial to ensure timely aid in humanitarian emergencies.

Box 8

Examples of humanitarian partnership

The Libya Crisis Map

As in the early stages of most humanitarian emergencies, managing limited, dispersed or disorganized information posed a challenge for aid workers during the 2011 crisis in the Libyan Arab Jamahiriya. As a result, the Office for the Coordination of Humanitarian Affairs approached the Standby Task Force, a network of crisis-mapping

volunteers, to gather information and make it available on an online map. An African technology company developed the open-source platform that was used for the online crisis map. This project demonstrates how diverse partners can add value to emergency response.

Technology Partnership

The Technology Partnership between the United Nations Foundation and a global telecommunications company was created in 2005 through a combined 15 million pounds sterling commitment to leveraging mobile technologies to strengthen humanitarian work. The partnership focuses on global health, disaster relief and research and innovation. Together with WFP and a non-governmental organization, the Partnership works to improve access to life-saving technology and telecommunications in areas affected by natural disasters, conflicts and famines. Partner funding and support enables WFP and the non-governmental organization to undertake capacity-building and to deploy anywhere in the world within 48 hours of any emergency to help to restore communications systems.

VI. Addressing key operational challenges

33. The United Nations has made considerable efforts to address key operational challenges. Developments at both the system level and the level of agencies, funds and programmes have strengthened the enabling environment for new United Nations-business collaborations; improved the capacity of staff through training and the sharing of best practices and lessons learned; and refined approaches towards partnership screening, selection and impact assessment.

A. Strengthening the enabling environment for partnerships

34. Further efforts are required to reduce transaction costs within the United Nations. While a number of entities have developed partnership agreement legal templates and have a knowledgeable legal officer to mitigate the potential risks of partnerships, legal obstacles and procedural complexities remain key hurdles for building more effective partnerships. United Nations agencies, funds and programmes that have not already done so should develop standardized legal templates to speed up the agreement process. The Office of Legal Affairs of the Secretariat is continuing to work on the finalization of such a template.

35. In order to ensure the reputation and credibility of the United Nations, the revised Guidelines on Cooperation between the United Nations and the Business Sector are designed to provide a common United Nations framework for collaboration with the private sector. A majority of survey respondents indicated that the new guidelines have been useful, though individual United Nations agencies, funds and programmes may need to adapt and amend those guidelines to ensure consistency with the mandate, vision and legal requirements of each entity. To implement the guidelines effectively and promote a culture of transparency and

performance, a high-level, internal advisory group is needed for the Secretariat. This advisory group would help to ensure a more coherent system-wide approach to private sector partnerships and make recommendations on best practices and lessons learned.

36. Survey respondents and interviewees confirm that the majority of agencies, funds and programmes are either in the process of developing new, or updating existing, strategies for engaging with the private sector. As a result of internal trial and error, sharing of best practices and lessons learned, and input from private sector partners, the United Nations is increasingly taking into account strategic factors for leveraging private sector resources for achieving key goals. The United Nations is also increasingly recognizing that in order for a partnership to be sustainable, there must be a business case and corresponding incentives for private sector partners.

37. To ensure that the value of partnerships with the private sector is effectively communicated to United Nations staff at both the Headquarters and country office level, leadership and senior management should set incentives for building partnerships with the private sector. Member States should also more actively support the United Nations mandate for partnering with the private sector.

38. Taking the lead from the UNHCR Council of Business Leaders, other United Nations offices, agencies, funds and programmes, such as the United Nations International Strategy for Disaster Reduction, are incorporating the advice of private sector partners into programme strategies.

Box 9

International Strategy for Disaster Reduction Private Sector Advisory Group

In May 2011, the Private Sector Advisory Group of the International Strategy for Disaster Reduction was launched at the Global Platform for Disaster Risk Reduction. The Group serves as a catalyst for bringing together a wide range of private sector entities into a global partnership for action. Comprised of 14 private sector members covering a broad range of disaster risk-related areas, including representatives from the insurance, heavy construction materials and information technology industries, the Group aims to ensure the safety of long-term investments and plan ahead to protect industry and society from disasters and economic disruptions while ensuring business continuity.

39. Externally, the United Nations needs to more effectively communicate the complementary mandates of United Nations entities to potential partners and to promote cooperation, not competition, between United Nations entities in their search for private sector partners. Strategies need to include a greater promotion of the United Nations-business website (business.un.org), as well as a continued push to implement United Nations reform proposals.

40. Evaluating the impact of partnerships and communicating positive outcomes to staff could improve overall awareness of the benefits of partnering with the private sector for helping to achieve organizational and development goals.

41. The role and capacities of United Nations Resident Coordinators and Global Compact Local Networks should be enhanced to support the coordination of regional partnerships and the application of global partnerships locally, as well as encourage the sharing of information with other United Nations private sector focal points. The private sector should be advised to liaise with the Resident Coordinators' offices and Global Compact Local Networks to better understand local needs and priorities.

B. Exploring new partnership models for achieving impact and scale

42. The growth of multi-stakeholder partnerships is a positive step towards bringing key actors together to achieve development goals. The United Nations can act as an agenda-setter to draw attention to the most crucial issues while also leveraging its convening power to bring the most relevant actors to the table. However, the United Nations needs also to be strategic in the initiatives it chooses to lead by recognizing that, in some cases, a minimal role may better contribute to partnership success.

43. The United Nations should continue to develop and implement partnerships with the private sector for achieving higher levels of impact and scale, including transformational partnerships. The Global Compact LEAD Working Group should continue to identify enabling conditions and success factors for transformational partnerships which aim to achieve systemic and lasting outcomes.

44. Agencies, funds and programmes should deepen their efforts to explore how innovative partnership models such as cause-related marketing and social media partnerships can scale up fund-raising activities and generate awareness for United Nations goals while also preserving the reputation and credibility of the United Nations.

45. Finally, recognizing that impact and scale do not only mean larger and more complex partnerships, partnership models should be designed with key performance indicators for measuring results and also ensure that the accruing benefits of the partnership outlast the life of the partnership itself.

Box 10
Examples of new partnership models for achieving impact and scale

Every Woman Every Child

Every Woman Every Child is a global effort bringing together the United Nations and multilateral organizations, Governments, philanthropic institutions, other donors, the business community, civil society, health-care professionals and academic and research institutions from around the world to support the Global Strategy for Women's and Children's Health, launched by the Secretary-General during the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals in 2010. The Global Strategy identifies key areas

where action is urgently needed to enhance financing, strengthen policy and improve service delivery, providing a new opportunity to improve the health of women and children around the world. Since it was launched last year, it has generated unprecedented commitments to action from Governments, the business community, foundations, civil society and others to reverse and end the unjust deaths and ill health women and children face.

Promoting collective action against corruption

The Global Compact and the United Nations Office on Drugs and Crime (UNODC) have joined forces with Global Compact Local Networks and implementing partners in five countries to promote transparency and ethical business performance through private-sector-led collective action initiatives. By facilitating dialogue between the private and public sectors, this project offers an opportunity for a wide range of stakeholders to explore how collective action can create incentives for anti-corruption practices consistent with the United Nations Convention against Corruption.

C. Improving capacity-building at all levels and training of United Nations staff

46. Private sector focal points within the United Nations continue to serve as an entry point for businesses into the United Nations system and act as multipliers for advocating partnerships. Country and regional offices report the assignment of private sector focal points, the hiring of new staff dedicated to partnership development and the adoption of partnership procedures and policies.

47. Despite efforts made, the lack of partnership skills is one of the most pressing hurdles for the United Nations becoming a more effective partner. Constraints on staff time and financial resources for training are often cited as key hurdles for improving staff capacities. Few entities include partnership-building skills in job descriptions, assess partnership-building skills of existing staff or develop staff exchange programmes with private sector partners subject to the provisions of the Charter of the United Nations and the regulations, rules and policies of the Organization.

48. Agencies, funds and programmes must provide existing United Nations staff with specialized partnering skills. There needs to be a greater recognition within the Organization that, while effective partnership management requires considerable time and resources, those efforts contribute significantly to partnership success.

49. Moreover, agencies, funds and programmes should consider including private sector experience as a qualification in job descriptions for partnership positions. Subject to the provisions of the Charter of the United Nations and the regulations, rules and policies of the Organization, the United Nations should also prioritize secondments and staff exchange programmes with private sector partners in order to promote reciprocal learning and understanding of working cultures and adopt

template agreements for secondments and staff exchange programmes to harmonize the legal framework.

Box 11

Staff exchange programmes between the United Nations and the private sector

UNICEF Sabbatical Programme

UNICEF, together with a global consumer products company, developed a three-month sabbatical programme where employees of the company contributed directly to the work of UNICEF for women and children worldwide. Employees, whose living costs and travel were paid by the company, joined UNICEF offices around the world to work on communication for development, fund-raising and operations. In 2010, five employees took part in the programme and were stationed in Cameroon, Macedonia and Mauritania.

United Nations Educational, Scientific and Cultural Organization (UNESCO) Secondment Scheme

In 2010, UNESCO benefited from the secondment of over 30 experts, mainly from non-governmental organizations and foundations, working in various areas of UNESCO expertise ranging from tsunami warning systems to intangible heritage, technical and vocational education and training and donor relations. UNESCO has introduced a new item in its Human Resource Manual to provide a standard framework for the conclusion of loan agreements of personnel to UNESCO, including from the private sector. By introducing model agreements and contracts, the new policy seeks to achieve a consistent and harmonized approach to loans, while offering the flexibility required for meeting the needs of UNESCO and its counterpart.

D. Improving the partner selection and engagement processes

50. Protecting the reputation of the United Nations is of crucial importance for maintaining the Organization's independence and credibility. As agencies, funds and programmes pursue more and larger-scale partnerships, the risk of damaging the reputation and credibility of the United Nations can also increase without proper mechanisms in place to screen potentially harmful collaborations.

51. The revision of the Guidelines on Cooperation between the United Nations and the Business Sector has led to more clarity on selection criteria, while also remaining flexible enough to adapt them as necessary to fit individual mandates.

52. The process for developing a system-wide due diligence screening solution for potential partners is an important step towards greater coherence. However, to ensure understanding among all relevant staff on how to utilize this tool, the criteria used for screening and the results of the screening process should be both transparent and clearly defined.

53. Survey respondents and interviewees report that the United Nations-business website is beneficial as a knowledge-sharing tool, but improvement is needed. The existence of the web portal should be better promoted within the United Nations system and among the business community. Moreover, the filtering mechanism for distributing partnership offers from potential private sector partners should be improved. The website can also be utilized as a tool for educating the private sector regarding the differentiation and complementarity of individual United Nations entities and mandates.

54. United Nations staff increasingly recognizes the potential of entrepreneurship and the importance of engaging companies at the country level. However, this engagement remains a challenge, with many stressing the higher transaction costs and lower direct benefits involved. To more effectively engage companies at the country level without placing an additional burden on Headquarters staff, the United Nations needs to improve the institutional capacity of country offices to enter into and maintain partnerships with the private sector. To avoid duplication of work and time lags, there needs to be a clear division of tasks between Headquarters and country offices. Moreover, the United Nations should ensure that country offices have the capacity to balance the potential benefits of partnerships while managing risk to the reputation and credibility of the United Nations. Global Compact Local Networks can be useful in this regard.

55. The One UN reforms have the potential to reduce transaction costs, provide a single point of entry into the United Nations, promote a coherent approach and enhance donor leverage. However, the One UN approach could be made more effective with improved infrastructure and skills as well as increased collaboration among agencies, funds and programmes. It is important that United Nations entities at the country level aim to define a common approach in addressing those issues. A successful example of an inter-agency initiative reflecting the spirit of the One UN approach is the United Nations Global Initiative to Fight Human Trafficking (UN.GIFT).

Box 12
United Nations Global Initiative to Fight Human Trafficking

In recognition of the multifaceted nature of trafficking in persons and the need for coordinated action, UN.GIFT was established as a global inter-agency initiative in 2007 by ILO, the International Organization for Migration (IOM), the Office of the United Nations High Commissioner for Human Rights (OHCHR), the Organization for Security and Cooperation in Europe, UNICEF and UNODC. These six entities form the UN.GIFT Steering Committee, which manages the initiative and coordinates the anti-trafficking efforts of its members and their respective networks. Over the past four years, UN.GIFT has successfully implemented a number of activities, including the organization of high-level events and various expert group initiatives, the piloting of a Small Grants Facility for civil society organizations, the development and implementation of joint programmes in six regions around the world, the publication of anti-trafficking tools, and awareness-raising campaigns with selected private sector companies.

56. While still a niche practice, there is a growing recognition of the need to introduce cost-benefit analyses in partnership selection. The United Nations should continue moving beyond the "partnerships for partnerships' sake" mentality, determine whether the benefit of any new partnerships outweighs the cost, and ensure that its presence in partnership activities is necessary and adds value.

E. Sharing best practices and lessons learned

57. Meetings of United Nations Private Sector Focal Points are acknowledged as being one of the most important ways to share best practices and lessons learned. In order to ensure that they remain relevant to senior partnership managers and high-level business representatives, the meetings should balance the need to push forward into new areas of discussion and the need to ensure that ongoing challenges outlined in the present report are also addressed.

58. Some agencies, funds and programmes are exploring knowledge management solutions for sharing best practices and lessons learned. Through hiring knowledge management specialists and the utilization of web-based technology tools, WFP and UNDP are investing in new platforms for ensuring lessons learned and best practices are documented and made available to present and future staff. Such systems can reduce transaction costs, increase efficiencies and mitigate the potentially detrimental effects of staff turnover. United Nations entities should consider investing in information technology tools for improving knowledge management of best practices and lessons learned.

F. Evaluation and impact assessment

59. Through evaluation, the United Nations can ensure that partnerships are accountable, effectively managed and contribute to learning processes and to United Nations development goals.

60. Survey respondents indicate that the role that monitoring and evaluation play in the development and implementation of partnerships, as well as perceptions of the overall value of evaluation, is minimal. In practice, over 40 per cent of the respondents indicated that none, or almost none, of their partnerships are evaluated. Most agencies, funds and programmes conduct evaluations internally using the same tools used to evaluate other projects. Only about 10 percent of respondents consider the lack of evaluations to be a key hurdle for the United Nations becoming a more effective partner. Interviewees also stress time constraints as a key reason for the lack of evaluation.

61. The United Nations needs to better communicate the role that evaluation plays in designing successful partnerships, while also mitigating fears of the staff concerned that evaluations may reflect poorly on their work. United Nations agencies, funds and programmes should adopt monitoring and evaluation approaches and include them from the beginning in the partnership design, including key performance indicators. Evaluations should also go beyond focusing only on financial, in-kind and administrative inputs and place a greater priority on measuring outputs such as results and impact.

VII. Recommendations

62. The United Nations has made considerable progress in promoting the role the private sector can play in achieving development goals and designing and implementing more effective, accountable and sustainable partnerships. However, there is room for improvement. Based on the previous section, the following concrete steps are recommended.

A. Strengthen the enabling environment for partnerships

63. United Nations entities should continue to develop more strategic approaches towards partnering with the private sector and achieving greater impact and scale. Those entities that have not already done so should develop standardized legal templates and utilize the new guidelines to speed up the partnership agreement process.

64. Member States should more actively support the United Nations mandate for partnering with the private sector through United Nations agencies, funds and programmes.

65. The website business.un.org should be better supported and promoted, both internally to United Nations staff and externally to the private sector.

66. The role and capacities of United Nations Resident Coordinators should be strengthened, and Global Compact Local Networks could help to support coordination and the application of global partnerships locally, as well as encourage coordination and lessons learned-sharing with United Nations private sector focal points.

67. An internal advisory group in the Secretariat should be created to ensure a more coherent approach to private sector partnerships across the United Nations and to make recommendations on partnership best practices and lessons learned.

B. Explore new partnership models for achieving impact and scale

68. To encourage the formation of multi-stakeholder partnerships, the United Nations can act as an agenda-setter while leveraging its convening power to bring the most relevant actors to the table.

69. Key enabling conditions and success factors for implementing transformational partnerships should be identified. To this end, recommendations resulting from the Global Compact LEAD Working Group, launched at the Private Sector Forum in September 2011, should be taken into account.

70. The United Nations should intensify efforts and improve knowledge-sharing on new innovative financing partnerships.

C. Improve capacity-building at all levels and training of United Nations staff

71. Existing United Nations staff with specialized partnering skills should be encouraged to further build their capacities to develop, implement and evaluate partnerships and consider including private sector experience as a qualification in job descriptions for partnership positions.

72. Subject to the provisions of the Charter of the United Nations and the regulations, rules and policies of the United Nations, the Organization and its agencies, funds and programmes could explore secondments and staff exchange programmes with private sector partners and adopt template agreements to harmonize the legal framework.

D. Improve the partner selection and engagement processes

73. The criteria used for due diligence screening of potential private sector partners and the results of the screening processes should be both transparent and clearly defined across the United Nations system.

74. At the country level, there needs to be a clear division of tasks and responsibilities between Headquarters, country-level management and partnership staff. United Nations entities should identify common issues and a common approach for engaging with the private sector. Moreover, skills are needed to effectively balance the potential benefits of partnerships while managing risk to the reputation and credibility of the United Nations.

75. United Nations entities should develop mechanisms for ensuring in advance that the potential benefits of any new partnership will likely outweigh the costs.

E. Share best practices and lessons learned

76. Meetings of United Nations private sector focal points should be designed to attract senior partnership managers and high-level business representatives to ensure more effective knowledge-sharing. Further, United Nations entities should consider investing in specialized knowledge management tools.

F. Evaluation and impact assessment

77. The United Nations needs to better communicate the role that evaluation plays in designing, conducting and learning from partnerships. United Nations entities should adopt monitoring and evaluation approaches and include them from the beginning of the partnership design. Such evaluations should go beyond measuring inputs and place a greater priority on measuring results and impact on United Nations goals.

VIII. Conclusion

78. The relationship between the United Nations and the private sector continues to evolve. Many United Nations agencies, funds and programmes have learned to move away from transactional partnership models towards more systematic, strategic and innovative approaches which have advanced the goals of the United Nations without new funding requirements from Member States.

79. The private sector can help to both revive the work of the United Nations and make the Organization more relevant in a rapidly changing political and economic environment. To that end, the United Nations is increasingly integrating the voice of the private sector into the work of the Organization. The Private Sector Track introduced at the Fourth United Nations Conference on the Least Developed Countries in Istanbul, Turkey, represents a major institutional milestone, one which has opened the door to more effective integration of the private sector into key United Nations summits such as the United Nations Conference on Sustainable Development, to be held in Rio de Janeiro in 2012.

80. The United Nations must continue to find innovative ways to achieve lasting impact. That includes identifying and replicating successful partnership models and pursuing new forms of collaboration, such as transformational partnerships and innovative development financing mechanisms; promoting inclusive local business solutions, sustainable market development and entrepreneurship; and harnessing and improving the skills of women.

81. As the United Nations moves forward with more strategic and innovative forms of collaboration with the private sector, the Organization must address key systemic and operational challenges in order to maximize the effectiveness of business contributions towards achieving United Nations goals while minimizing the risk to its reputation and credibility. To that end, efforts are needed to strengthen the enabling environment for partnerships, identify and replicate successful partnership models for achieving impact and scale, improve the partner selection and engagement processes and capacity-building and training of United Nations staff, particularly at the country level, share best practices and lessons learned and educate United Nations staff on the benefits and methods of evaluation and impact assessment.

82. As collaborations between the United Nations and the private sector become more widespread and more ambitious, appropriate steps are needed to ensure that the reputation and credibility of the United Nations are not put into jeopardy. Competition between United Nations entities for valuable corporate partners is emerging as a key issue as agencies, funds and programmes tailor their partnership strategies. United Nations entities should thus continue to engage in coordinating mechanisms, both at the global and the country level, in order to avoid a zero-sum mentality when engaging with potential private sector partners.

83. For the United Nations to more fully take advantage of collaborations with the private sector and to ensure that key goals are being achieved in a collaborative manner, it is critical that more long-term and strategic considerations be taken into account. That includes the need to address the recommendations submitted in the present report as well as further building up measures to protect the Organization's integrity, promote a culture of transparency and ensure alignment with the priorities set by Member States.